

City of Barnesville, Georgia
Annual Financial Report
For the Year Ended September 30, 2017

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Independent Auditor's Report

J. Robyn Underwood, CPA

Member of American Institute of Certified Public Accountants

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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, 2017, 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 opinions, 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, 2017, 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, Georgia Members Employees Benefit System Schedule of Net Pension Liability and Contributions on page 42, the Georgia Firefighters Pension Fund's Schedule of the Proportionate Share of Net Liability on page 43 and the budgetary comparisons beginning on page 44 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. 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 by us. We have also 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the City of Barnesville. The combining and individual fund statements, budgetary schedules, SPLOST schedule, and other schedules, *Audits of State and Local Governments and Non-Profit Organizations* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements, budgetary schedules, SPLOST schedule, and other schedules, are the responsibility of management and were derived from and relates 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 by us. In our opinion, based on our audit, the procedures performed as described above, the combining and individual fund statements, budgetary schedules, and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2018 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
March 20, 2018

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, 2017. 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 2017 are as follows:

The City's combined net positions totaled \$31.5 million. Of this amount, unrestricted net positions amounted to \$3.1 million.

Combined revenue totaled \$17.6 million.

Overall expenses totaled \$16.7 million.

Overall the net change in fund balance was an increase of \$123,359.

The net change in the General Fund balance was a decrease of \$206,315 due to an increase in expenditures.

As of September 30, 2017, the City's General Fund reported an unassigned fund balance of \$286,076.

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

Fund Financial Statements		Government-wide Financial Statements	
Proprietary Funds	Governmental Funds	Financial Statements	
Activities of the City that are operated similar to private business	Activities of the City that are not proprietary or fiduciary	Entire State government (except fiduciary funds) and the City's component units	Required Financial Statements
• Statement of Net Positions • Statement of Revenues, Expenditures, and Changes in Net Positions • Statement of Cash Flows	• Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances	• Statement of Net Positions • Statement of Activities	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 included	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	

City of Barnesville
Management's Discussion and Analysis
For the fiscal year ended September 30, 2017

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, 2017 and 2016.

Table 2: Condensed Statement of Net Positions

Governmental Activities		Business-Type Activities	
2017	2016	2017	2016
Assets			
Current and Other Assets	\$ 1,964,028	Current and Other Assets	\$ 7,117,833
Capital Assets	8,965,704	Capital Assets	42,576,792
Total Assets	\$ 10,929,732	Total Assets	\$ 50,766,461
Deferred Outflows of Resources			
	\$ 620,188		\$ 58,949
Liabilities			
Other Liabilities	\$ 718,288	Deferred Outflows	\$ 57,689
Long-term Liabilities	1,066,554		
Total Liabilities	\$ 1,784,842		
Deferred Inflows of Resources			
	\$ 321,575		
Net Positions			
Net Investment in Capital Assets	\$ 8,965,704	Net Investment in Capital Assets	\$ 8,189,669
Restricted	854,385		
Unrestricted	< 376,586>		
Total Net Positions	\$ 9,443,503	Total Net Positions	\$ 8,846,442

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. The City implemented GASB Statement 68 in 2014-2015. With the new reporting change, the City allocated its net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense. Decisions regarding the allocations are made by the administrators of the pension plan, not by the City's management.

Business-Type Activities		Business-Type Activities	
2017	2016	2017	2016
Assets			
Current and Other Assets	\$ 8,189,669	Current and Other Assets	\$ 7,117,833
Capital Assets	42,576,792	Capital Assets	43,299,527
Total Assets	\$ 50,766,461	Total Assets	\$ 50,417,360
Deferred Outflows			
	\$ 58,949		\$ 57,689
Liabilities			
Other Liabilities	\$ 1,203,145	Deferred Outflows	\$ 57,689
Long-term Liabilities	27,394,433		
Total Liabilities	\$ 28,597,578		
Deferred Inflows of Resources			
	\$ 75,986		
Net Positions			
Net Investment in Capital Assets	\$ 15,332,876	Net Investment in Capital Assets	\$ 15,610,310
Restricted	3,284,054		3,026,198
Unrestricted	3,534,916		3,155,371
Total Net Positions	\$ 22,151,846	Total Net Positions	\$ 21,791,879

City of Barnesville
Management's Discussion and Analysis
For the fiscal year ended September 30, 2017

Condensed Statement of Activities

Table 3 (shown below) presents the City's condensed statement of activities for the year ended September 30, 2017 and 2016. 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)

	Prior Year Governmental Activities	Prior Year Business Activities	Total	Prior Year Governmental Activities	Prior Year Business Activities	Total
Revenues:						
Charges for Services	\$ 678	\$ 13,728	\$ 14,406	\$ 439	\$ 13,097	\$ 13,536
Operating Grants & Contributions	13	---	13	361	---	361
Capital Grants & Contributions	765	---	765	727	---	727
General:						
Property Taxes	594	---	594	578	---	578
Sales Taxes	623	---	623	622	---	622
Other Taxes	885.5	---	885.5	887	---	887
Interest	.5	24	24.5	---	11	11
Other	27	---	27	292	---	292
Total Revenues	\$ 3,586	\$ 13,752	\$ 17,338	\$ 3,906	\$ 13,330	\$ 17,242
Program Expenses:						
General Government	\$ 1,371	\$ ---	\$ 1,371	\$ 1,264	\$ ---	\$ 1,264
Police	1,551	---	1,551	1,502	---	1,502
Fire	403.2	---	403.2	372	---	372
Street and Right of Way	979	---	979	740	---	740
Cemetery	52	---	52	61	---	61
Culture and Recreation	405	---	405	396	---	396
Interest on Debt	---	---	---	4	---	4
Industrial Development	70	---	70	---	---	---
Water and Sewer	3,936	---	3,936	---	---	---
Electric	7,229	---	7,229	---	---	---
Sanitation	664	---	664	---	---	---
Total Expenses	\$ 4,761.2	\$ 11,899	\$ 16,660.2	\$ 4,339	\$ 11,734	\$ 16,073
Excess (deficiency)	\$ < 1,175.2 >	\$ 1,853	\$ 677.8	\$ < 433 >	\$ 1,596	\$ 1,157
Special Items	---	279.5	279.5	---	---	---
Transfers	1,314.5	< 1,314.5 >	---	1,139	< 1,139 >	---
Change in Net Positions	\$ 139.3	\$ 818	\$ 957.3	\$ 706	\$ 457	\$ 1,163
Beginning Net Positions	\$ 8,846	\$ 21,792	\$ 30,638	\$ 8,140	\$ 21,335	\$ 29,475
Restatement	458.2	< 458 >	.2	---	---	---
Ending Net Positions	\$ 9,443.5	\$ 22,152	\$ 31,595.5	\$ 8,846	\$ 21,792	\$ 30,638

During the year ending September 30, 2017, the net positions of the government activities increased \$139,203 or 1.496%. Total revenues for FYE 2017 decreased by \$319,648 or 8.18%. The decrease was due to a decrease in operating grants received and various other tax revenues. Total expenses for FYE 2017 increased by \$422,628 or 9.7%. The departments that experienced increases in expenses in FYE 2017 were the General Government, Public Safety (Fire), Public Works and Culture and Recreation.

City of Barnesville
Management's Discussion and Analysis
For the fiscal year ended September 30, 2017

Approximately 16.56% of the City's governmental revenues came from property taxes and approximately 42.07% came from other taxes. Approximately 18.91% of the City's revenues came from charges for services and approximately 21.70% 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 41.04% related to public safety, 20.56% related to public works, 28.80% 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 Charges for Services for Governmental Activities

Table 4 (shown below) presents program expenses and charges for services for governmental activities for the year ended September 30, 2017 and 2016.

Table 4: Program Expenses and Charges for Services for Governmental Activities

2017			
*Net Program			
Expenses			
Program Expenses (Charges for Services)			
General Government	\$ 1,371	\$ 1,954.2	\$ 748
Public Safety	979	775	191
Public Works	405	52	33
Culture and Recreation	52	33	33
Cemetery	52	33	33
Totals	\$ 4,761.2	\$ 3,305	\$ 3,305

2016			
*Net Program			
Expenses			
Program Expenses (Charges for Services)			
General Government	\$ 1,264	\$ 1,163	\$ 1,611
Public Safety	1,874	570	570
Public Works	740	396	61
Culture and Recreation	396	61	29
Cemetery	61	29	4
Interest on Debt	4	4	4
Totals	\$ 4,339	\$ 2,811.5	\$ 2,811.5

* Net program expenses are mainly supported by taxes.

The cost of all proprietary (business-type) activities this year was \$11,899,059 and additionally the business-type activities earned \$23,929 in interest from idle cash and investments. Within the total business-type activities of the City, these activities reported a \$1,828,799 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 \$1,245,740 with \$854,385 reported as restricted, \$105,279 reported as assigned, and \$268,076 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 \$286,076 and total fund balance was \$391,355. 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 6.4% of total General Fund expenditures, while the total fund balance represents 8.8%. The net change in the General Fund's fund balance for the year ended September 30, 2017, was an increase of \$206,315 or 34.52%. The reason for the decrease in the fund balance was mainly due to increases in expenditures.

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, 2017 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, 2017, the City reported \$8,965,704 in capital assets for governmental activities and \$42,576,792 for business-type activities. Major capital asset transactions during the year were street paving, Library renovations, Building improvements and water system improvements. Also, equipment and vehicles were purchased for the police department, fire department and 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

At the time of budget preparation for fiscal year 2017, the economic outlook for the City was considered to be stable. The General Fund Budget for fiscal year 2017 of \$4,021,133 was adopted as balanced.

Unemployment in the City of Barnesville/Lamar County is 5.68% as compared to 6.2% for the prior year, indicating a trend toward slight economic recovery after the great recession.

Taxable property value has increased in 2017 by \$280,238 over 2016, which is 2/10 of 1%. This seems to indicate housing values is slowly recovering from the 2007 market crash.

Sales tax collections were consistent in 2017 as compared to fiscal year 2016.

Rates in the utility funds may require increases to cover operating and future capital investment. In 2018/2019, utility revenues may require increases of 2.5% in water rates, electric rates, sewer rates, and solid waste rates.

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, 2017

ASSETS			GOVERNMENTAL BUSINESS TYPE			ACTIVITIES			TOTAL		
Current Assets			160,419			2,475,495			2,635,914		
Cash and Cash Equivalents			---			131,648			131,648		
Temporary Cash Investments			1,004,912			1,753,096			2,758,008		
Receivables (Net)			---			294,528			294,528		
Inventories			---			---			---		
Total Current Assets			1,165,331			4,654,767			5,820,098		
Noncurrent Assets			798,697			537,180			1,335,877		
Restricted Cash and Cash Equivalents			<			530,138			2,467,584		
Investments			---			2,467,584			---		
Internal Balances			---			---			---		
Capital Assets			1,246,681			1,049,085			2,295,766		
Land			7,719,023			41,527,707			49,246,730		
Depreciable Buildings, Property, and Equipment (Net)			9,234,263			46,111,694			55,345,957		
TOTAL ASSETS			10,399,594			50,766,461			61,166,055		
DEFERRED OUTFLOWS OF RESOURCES			455,449			---			455,449		
Pension Costs			164,739			58,949			223,688		
Current Year Pension Contributions			---			---			---		
TOTAL DEFERRED OUTFLOWS OF RESOURCES			620,188			58,949			679,137		
LIABILITIES			64,635			632,194			696,829		
Current Liabilities			---			---			---		
Accounts Payable			123,515			---			123,515		
Employee Christmas Fund			---			---			---		
Current Portion of Long-Term Obligations			---			---			---		
Accrued Interest Payable			---			---			---		
Total Current Liabilities			188,150			1,203,145			1,391,295		
Noncurrent Liabilities			---			---			---		
Deposits-Utillities			---			---			---		
Noncurrent Portion of Long-Term Obligations			---			---			---		
Net Pension Liability			1,066,554			382,496			1,449,050		
Total Noncurrent Liabilities			1,066,554			27,394,433			28,460,987		
TOTAL LIABILITIES			1,254,704			28,597,578			29,852,282		
DEFERRED INFLOWS OF RESOURCES			321,575			75,986			397,561		
Pensions Cost			---			---			---		
NET POSITIONS			8,965,704			15,332,876			24,298,580		
Net Investment in Capital Assets			---			---			---		
Restricted For:			---			---			---		
Operating Reserves			---			---			---		
Debt Service			854,385			---			854,385		
Capital Projects			<			3,534,916			3,158,330		
Unrestricted			9,443,503			22,151,846			31,595,349		
Total Net Position			10,698,207			50,749,424			61,447,631		
TOTAL LIABILITIES AND NET POSITION			10,698,207			50,749,424			61,447,631		

City of Barnesville **STATEMENT OF ACTIVITIES** September 30, 2017

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Positions		
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government:							
Government Activities							
General Government	\$ 1,370,804	\$ 268,293	\$ -----	\$ 354,695	\$< 747,816>	\$ -----	\$< 747,816>
Public Safety (Police)	1,551,016	335,073	-----	29,872	< 1,186,071>	-----	< 1,186,071>
Public Safety (Fire)	403,420	1,250	11,310	19,063	< 371,797>	-----	< 371,797>
Public Works (Streets)	978,610	8,885	-----	195,089	< 774,636>	-----	< 774,636>
Cemetery	52,233	18,892	-----	-----	< 33,341>	-----	< 33,341>
Culture and Recreation	405,488	45,701	2,000	166,418	< 191,369>	-----	< 191,369>
Interest on Long Term Debt	-----	-----	-----	-----	-----	-----	-----
Total Governmental Activities	\$ 4,761,571	\$ 678,094	\$ 13,310	\$ 765,137	\$< 3,305,030>	\$ -----	\$< 3,305,030>
Business-Type Activities:							
Sanitation	\$ 664,274	\$ 659,161	\$ -----	\$ -----	\$ -----	\$< 5,113>	\$< 5,113>
Electric	7,228,600	8,666,010	-----	-----	-----	1,437,410	1,437,410
Water and Sewer	3,936,184	3,806,868	-----	-----	-----	< 129,316>	< 129,316>
Industrial Development	70,001	595,819	-----	-----	-----	525,818	525,818
Total Business-Type Activities	\$11,899,059	\$13,727,858	\$ -----	\$ -----	\$ -----	\$ 1,828,799	\$ 1,828,799
Total Primary Government					\$< 3,305,030>	\$ 1,828,799	\$< 1,476,231>
General Revenues							
Taxes:							
Property					\$ 593,999	\$ -----	\$ 593,999
Franchise					120,505	-----	120,505
Hotel/Motel					17,215	-----	17,215
Sales					623,066	-----	623,066
Intangible					3,303	-----	3,303
Motor Vehicle					134,040	-----	134,040
Insurance Premium					449,188	-----	449,188
Malt Beverage					136,351	-----	136,351
Liquor					24,450	-----	24,450
Investment Earnings					477	-----	477
Special Item: Gain on Sale of Plant					27,236	-----	27,236
Miscellaneous					-----	-----	-----
Transfers, Net					1,314,409	<1,314,409>	-----
Total General Revenues, Special Items, and Transfers					\$ 3,444,239	\$<1,010,980>	\$ 2,433,259
Change in Net Position					\$ 139,203	\$ 817,819	\$ 957,028
Net Position - Beginning - Restated					9,304,294	21,334,027	30,638,321
Net Position - Ending					\$ 9,443,503	\$22,151,846	\$ 31,595,349

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, 2017

GOVERNMENTAL FUND TYPES

MAJOR FUNDS

CAPITAL

PROJECTS

SPLOST

2011

TOTAL
GOVERNMENTAL
FUNDS

ASSETS

Cash and Cash Equivalents (Note 2)

Receivables

Taxes

Fines

Other

Due from other Funds

Intergovernmental

Restricted Assets

Cash and Cash Equivalents

TOTAL ASSETS

LIABILITIES

Accounts Payable

Christmas Fund

Accrued Liabilities

Due to Other Funds

TOTAL LIABILITIES

FUND BALANCES

Restricted for Capital Projects

Assigned - Cemetery

Unassigned

TOTAL FUND BALANCES

TOTAL LIABILITIES AND FUND BALANCES

\$ 1,125,443

\$ 391,355

\$ 105,279

\$ 854,385

\$ 858,185

\$ 854,385

\$ 854,385

\$ 3,800

\$ 3,800

\$ 45,195

\$ 123,515

\$ 19,440

\$ 858,185

\$ 798,697

\$ 59,488

\$ 19,600

\$ 541,131

\$ 366,626

\$ 37,667

\$ 1,983,628

\$ 1,245,740

\$ 854,385

\$ 737,888

\$ 549,738

\$ 123,515

\$ 19,440

\$ 1,983,628

\$ 798,697

\$ 59,488

\$ 19,600

\$ 541,131

\$ 366,626

\$ 37,667

\$ 160,419

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, 2017

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

Total Fund Balances -- Governmental Funds	\$ 1,245,740
Capital Assets used in Governmental Activities are not Financial Resources and therefore are not Reported in the Funds	8,965,704
Long-Term Liabilities are not due and payable in the current period and accordingly are not Reported in the Funds:	
Net Pension Liability	<1,066,554>
Deferred Inflows Related to Pension Costs	< 321,575>
Deferred Outflows Related to Pension Costs	455,449
Deferred Outflows of Current Year Pension Contributions	164,739
Net Positions (Deficit) of Governmental Activities	\$ 9,443,503

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, 2017

	MAJOR FUNDS		PROJECTS		TOTAL		GOVERNMENTAL	
	GENERAL		SPLOST 2011		OTHER FUNDS		FUNDS	
REVENUES								
Taxes	\$ 2,083,455	\$	-----		\$ 17,215		\$ 2,100,670	
Licenses and Permits	96,956		-----		-----		96,956	
Fines & Forfeitures	335,073		-----		-----		335,073	
Intergovernmental	115,704		648,771		-----		764,475	
Other	21,791		662		-----		22,453	
Charges for Services	248,065		-----		-----		248,065	
Total Revenues	\$ 2,901,044	\$	649,433		\$ 17,215		\$ 3,567,692	
EXPENDITURES								
Current-Operations	\$ 1,352,261	\$	-----		-----		\$ 1,352,261	
Administrative and General	1,431,114		-----		-----		1,431,114	
Police	381,601		-----		-----		381,601	
Fire	839,989		-----		-----		839,989	
Street and Right of Way	52,233		-----		-----		52,233	
Cemetery	176,081		-----		-----		193,296	
Civic Center - Cultural	41,440		-----		-----		41,440	
Swimming Pool - Recreation								
Capital Outlay								
Current Operations	172,070		294,738		-----		466,808	
Total Expenditures	\$ 4,446,789	\$	294,738		\$ 17,215		\$ 4,758,742	
EXCESS REVENUES OVER <UNDER>	\$ <1,545,745>	\$	354,695		-----		\$ <1,191,050>	
OTHER FINANCING SOURCES (USES)								
Transfers In / <Out>	\$ 1,339,430	\$ <	25,021>		\$	-----	\$ 1,314,409	
Total Other Financing Sources (Uses)	\$ 1,339,430	\$	-----		\$	-----	\$ 1,314,409	
NET CHANGE IN FUND BALANCES	\$ < 206,315>	\$	329,674		\$	-----	\$ 123,359	
FUND BALANCES- BEGINNING OF YEAR	597,670		524,711		-----		1,122,381	
FUND BALANCES- END OF YEAR	\$ 391,355	\$	854,385		\$	-----	\$ 1,245,740	

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, 2017

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

Net Change in Fund Balances- Total Governmental Funds	\$	130,728
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	\$	466,808
Depreciation Expense		448,396
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		
Payment of the Current Pension Contribution is an expenditure in the governmental funds, but is considered a deferred outflow on the Statement of Net Position and is not reported on the Statement of Activities		
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		
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.		
Pension Expense	<	174,676
Georgia Firefighter's Pension Expense	<	11,310
Revenues in the Statement of Activities that do not Provide Current Financial Resources are not Reported as Revenues in the Funds.		
Georgia Firefighter's Pension - Revenue Provided		11,310
Change in Net Position- Governmental Activities	\$	139,203

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

Proprietary Funds

City of Barnesville
STATEMENT OF NET POSITION
Proprietary Funds
September 30, 2017

NON-MAJOR FUND	UTILITIES MAJOR FUNDS			TOTALS		
	INDUSTRIAL	WATER AND SEWERAGE	SANITATION	ELECTRIC	DEVELOPMENT	TOTALS
ASSETS						
Current Assets						
Cash and Cash Equivalents	\$ 2,475,495	\$ 1,510,680	\$ 89,775	\$ 89,775	\$ 2,475,495	\$ 2,475,495
Temporary Cash Investments	131,648	131,648	---	---	131,648	131,648
Receivables-Accounts	473,233	195,613	---	---	473,233	473,233
Other Receivable	1,279,863	1,245,663	---	---	1,279,863	1,279,863
Inventories of Supplies at Cost	294,528	92,942	---	---	294,528	294,528
Total Current Assets	\$ 4,654,767	\$ 3,176,546	\$ 603,181	\$ 603,181	\$ 4,654,767	\$ 4,654,767
Non-Current Assets						
Restricted Assets						
Cash and Cash Equivalents	---	---	---	---	---	---
Investments	---	---	---	---	---	---
Intfund	---	---	---	---	---	---
Property	---	---	---	---	---	---
Electrical and Sanitation Systems,	---	---	---	---	---	---
Net of Accumulated Depreciation	---	---	---	---	---	---
Water and Sewerage Systems,	---	---	---	---	---	---
Net of Accumulated Depreciation	---	---	---	---	---	---
Industrial Facilities,	---	---	---	---	---	---
Net of Accumulated Depreciation	---	---	---	---	---	---
Land	---	---	---	---	---	---
Total Non-Current Assets	\$ 1,316,200	\$ 42,435,418	\$ 1,308,353	\$ 1,317,073	\$ 1,316,200	\$ 46,577,044
TOTAL ASSETS	\$ 5,971,967	\$ 45,611,964	\$ 1,308,353	\$ 2,120,254	\$ 2,191,240	\$ 51,231,811
Deferred Outflows of Resources						
Pension Contributions in Current	---	---	---	---	---	---
Fiscal Year	---	---	---	---	---	---
LIABILITIES						
Current Liabilities						
Accounts Payable	\$ 632,194	\$ 8,808	\$ 59,179	\$ 554,207	\$ 10,000	\$ 632,194
Current Portion of Bonds Payable	---	---	---	---	---	---
Current Portion of Notes Payable	---	---	---	---	---	---
Accrued Interest Payable	---	---	---	---	---	---
Total Current Liabilities	\$ 632,194	\$ 8,808	\$ 59,179	\$ 554,207	\$ 10,000	\$ 632,194
Long-Term Liabilities						
Bonds Payable	---	---	---	---	---	---
Deposits - Utilities	---	---	---	---	---	---
Due to Other Funds	---	---	---	---	---	---
Notes Payable	---	---	---	---	---	---
Net Pension Liability	---	---	---	---	---	---
Total Long-Term Liabilities	\$ 27,859,783	\$ 26,936,609	\$ 68,750	\$ 505,128	\$ 349,296	\$ 27,859,783
TOTAL LIABILITIES	\$ 27,859,783	\$ 26,936,609	\$ 68,750	\$ 505,128	\$ 349,296	\$ 27,859,783
Deferred Inflows of Resources						
Costs Related to Pensions	---	---	---	---	---	---
NET POSITION						
Net Investment in Capital Assets	\$ 1,316,200	\$ 12,219,320	\$ 1,308,353	\$ 564,964	\$ 1,316,200	\$ 15,408,837
Restricted For:						
Debt Retirement	---	---	---	---	---	---
Operating Reserves	---	---	---	---	---	---
Unrestricted - Restated	---	---	---	---	---	---
TOTAL NET POSITION	\$ 1,831,944	\$ 18,089,590	\$ 1,177,411	\$ 1,052,901	\$ 1,831,944	\$ 22,151,846

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, 2017

	MAJOR FUNDS				NON-MAJOR FUND
	UTILITIES	WATER AND SEWERAGE	INDUSTRIAL DEVELOPMENT	TOTALS	
OPERATING REVENUES					
Charges for Service	\$ 7,970,944	\$ 3,774,028	\$	\$ 12,404,133	
Miscellaneous	695,066	32,840	595,819	1,323,725	
TOTAL OPERATING REVENUES	\$ 8,666,010	\$ 3,806,868	\$ 595,819	\$ 13,727,858	
OPERATING EXPENSES					
Personal Services	\$ 821,326	\$ 473,720	\$	\$ 1,401,401	
Contractual Services	6,248,485	1,091,346	49,278	7,826,474	
Supplies and Other Services	123,409	311,178	23	496,137	
Utilities	6,189	3,282	---	10,208	
Depreciation	29,191	1,142,005	20,700	1,193,035	
Landfill Postclosure	---	---	---	57,151	
TOTAL OPERATING EXPENSES	\$ 7,228,600	\$ 3,021,531	\$ 70,001	\$ 10,984,406	
OPERATING INCOME <LOSS>	\$ 1,437,410	\$ 785,337	\$ 525,818	\$ 2,743,452	
NONOPERATING REVENUES <EXPENSES>					
Interest Revenue	\$ 1,069	\$ 20,785	\$ 2,075	\$ 23,929	
Interest Expense	---	< 914,653>	---	< 914,653>	
Gain on Sale of Assets	---	---	279,500	279,500	
TOTAL NONOPERATING REVENUE <EXPENSES>	\$ 1,069	\$ < 893,868>	\$ 281,575	\$ < 611,224>	
NET INCOME <LOSS> BEFORE OUTFLOWS and TRANSFERS, and CONTRIBUTED CAPITAL	\$ 1,438,479	\$ < 5,113>	\$ < 108,531>	\$ 2,132,228	
TRANSFERS					
Transfers In (Out)	\$ < 1,339,430>	\$	\$	\$ < 1,339,430>	
CONTRIBUTED CAPITAL	\$	\$	\$	\$ 25,021	
CHANGE IN NET POSITIONS	\$ 99,049	\$ < 5,113>	\$ < 83,510>	\$ 817,819	
NET POSITIONS - BEGINNING OF YEAR - Restated	953,852	1,182,524	18,173,100	21,334,027	
NET POSITIONS - END OF YEAR	\$ 1,052,901	\$ 1,177,411	\$ 18,089,590	\$ 22,151,846	

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

City of Barnesville
STATEMENT OF CASH FLOWS
Proprietary Funds
September 30, 2017

	UTILITIES		NON-MAJOR FUND		
	MAJOR FUNDS		WATER AND SEWERAGE		INDUSTRIAL DEVELOPMENT
	ELECTRIC	SANITATION			TOTALS
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts from Customers	\$ 8,002,446	\$ 659,161	\$ 3,689,589	\$	-----
Payments to Suppliers	< 6,414,883>	< 546,097>	< 1,397,441>	<	23>
Payments to Employees	< 821,326>	< 106,355>	< 473,720>	<	-----
Other Receipts (Payments)	667,841	< 3,209>	6,620>	<	546,541
Net Cash provided by Operating Activities	\$ 1,434,078	\$ 3,500	\$ 1,811,808	\$	546,518
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCIAL ACTIVITIES					
Deposits	\$ 1,538	\$	-----	\$	-----
Loans <To>/From Other Funds	-----	-----	< 299,849>	<	40,865
Transfers <To>/From Other Funds	< 1,339,430>	-----	-----	-----	-----
Net Cash Provided(Used) by Non Capital and Related Financial Activities	\$< 1,337,892>	\$	< 299,849>	\$	40,865
CASH FLOW FROM CAPITAL AND RELATED FINANCIAL ACTIVITIES					
Purchases of Capital Assets (Net)	\$< 96,804>	\$< 3,500>	\$< 109,200>	\$<	235,774>
Principal Paid on Capital Debt	-----	-----	< 444,990>	<	-----
Interest Paid on Capital Debt	-----	-----	914,653>	<	-----
Gain on Sale of Assets	-----	-----	-----	-----	279,500
Net Cash Provided (Used) by Capital and Related Financing Activities	\$< 96,804>	\$< 3,500>	\$< 1,468,843>	\$	43,726
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest	\$ 1,069	\$	20,785	\$	2,075
Net Change in Temporary Cash Investments	-----	-----	7,073	\$	-----
Net Cash Provided by Investing Activities	\$ 1,069	\$	\$ 27,858	\$	2,075
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 451	\$	\$ 70,974	\$	633,184
Balance of Cash- Beginning of Year	626,504	-----	1,439,706	-----	241,856
Balance of Cash- End of Year	\$ 626,955	\$	\$ 1,510,680	\$	875,040
	-----	-----	-----	\$	3,012,675

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

City of Barnesville
STATEMENT OF CASH FLOWS (Continued)
Proprietary Funds
September 30, 2017

	UTILITIES		NON-MAJOR	
	MAJOR FUNDS		FUND	
	ELECTRIC	SANITATION	WATER AND SEWERAGE	INDUSTRIAL DEVELOPMENT
	TOTALS			
Balance of Cash - End of Year	\$ 626,955	\$ -----	\$ 1,510,680	\$ 875,040
Reconciliation of Operating Income (Loss)				
To Net Cash Provided by Operating Activities	\$ 1,437,410	\$ < 5,113>	\$ 785,337	\$ 525,818
Operating Income				
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	29,191	1,139	1,142,005	20,700
Depreciation Expense	< 4,671>	< 3,209>	< 6,620>	-----
Pension Costs as Related to Pension Contributions				
Change in Assets and Liabilities				
Receivables, Net	4,277	-----	< 117,867>	-----
Inventories	4,089	-----	7,742	-----
Accounts Payable	< 36,218>	10,683	1,211	-----
Net Cash Provided by Operating Activities	\$ 1,434,078	\$ 3,500	\$ 1,811,808	\$ 546,518
*Non Cash Transactions:				
Contributed Capital	\$ -----	\$ -----	\$ 25,021	\$ -----
			\$ 25,021	

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

Notes to the Basic Financial Statements

City of Barnesville
Notes to the Basic Financial Statements
For the year ended September 30, 2017

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 organization; (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.

City of Barnesville
Notes to the Basic Financial Statements
For the year ended September 30, 2017

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 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. The following are the City's governmental funds:

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 balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Georgia.

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

City of Barnesville
Notes to the Basic Financial Statements
For the year ended September 30, 2017

I-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.

I-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.

City of Barnesville
Notes to the Basic Financial Statements
For the year ended September 30, 2017

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, deferred gains and losses on bond debt refunding, and the implementation of GASB Statement 68 resulting in pension expense deferrals and current year pension contributions.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Georgia Municipal Employees' Benefit System (GMEBS) and City of Barnesville's employer contributions are recognized when due and the City of Barnesville has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of GMEBS. Investments are reported at fair value.

For purposes of measuring the net pension expense, information about the fiduciary net position of the Firefighters' Pension Fund and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by Firefighters' Pension Fund. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

I-E. Assets, Liabilities and Fund Equity

I-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

I-E-2. Receivables

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

I-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.

I-E-4. Consumable Inventories

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

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

City of Barnesville
Notes to the Basic Financial Statements
For the year ended September 30, 2017

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* <i>*Includes Water and Sewer lines.</i>	40 years	40 - 50 years
Machinery and Equipment	5 - 10 years	5 - 30 years
Vehicles	5 - 7 years	5 - 7 years
Infrastructure	10 - 65 years	40 - 50 years

1-E-6. Compensated Absences

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."

City of Barnesville
Notes to the Basic Financial Statements
For the year ended September 30, 2017

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

1-E-12. Contributions of Capital

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

City of Barnesville
Notes to the Basic Financial Statements
For the year ended September 30, 2017

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			

City of Barnesville
Notes to the Basic Financial Statements
For the year ended September 30, 2017

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 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, 2017:

(Amounts Expressed in Thousands)				
Category	1	2	3	Bank Carrying Amount
Primary Government	\$ 334	\$ 3,777	\$ 4,111	\$ 3,972

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 a depositor 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 1, 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 AAA/ST1.

(Amounts Expressed in Thousands)				
Investment Instrument	1	2	3	Fair Value
Georgia Fund One	\$ 1.7	\$ 1.7	\$ 1.7	
City of Barnesville				
Certificates of deposit	131.5	131.5	131.5	
Money Market	2,467.5	2,467.5	2,467.5	
Grand Total	\$ 2,600.7	\$ 2,600.7	\$ 2,600.7	

Cash and Cash Equivalents Reconciliation:

Total Carrying Amount	\$ 3,971,791
Governmental Funds – Balance Sheet	3,012,675
Proprietary Fund Type Statement of Net Positions	959,116
Fund Reporting Level:	
Primary Government	3,971,791

City of Barnesville
Notes to the Basic Financial Statements
For the year ended September 30, 2017

3-B. Receivables

Receivables at September 30, 2017, 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, 2017, the levy occurred on October 25, 2016 real and personal property taxes were due on December 31, 2016. Property taxes receivable became a lien on January 26, 2017, 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, 2017, was as follows:

	Balance 10/1/16	Additions	Transfers In <Out>	Balance 9/30/17
Governmental Activities:				
Capital Assets not being Depreciated:				
Land	\$ 1,247	\$ ---	\$ ---	\$ 1,247
Construction in Progress	30	166	---	196
Total Non-Depreciable Capital Assets:	\$ 1,277	\$ 166	\$ ---	\$ 1,443
Depreciable Capital Assets:				
Land Improvements	\$ 171	\$ ---	\$ ---	\$ 171
Buildings and Plant	2,474	---	---	2,474
Machinery and Equipment	1,691	76	---	1,767
Vehicles	631	36	---	667
Infrastructure	7,482.5	189	---	7,671.5
Total Depreciable Capital Assets	\$ 12,449.5	\$ 301	\$ ---	\$ 12,750.5
Total Non and Depreciable Capital Assets	\$ 13,726.5	\$ 467	\$ ---	\$ 14,193.5
Accumulated Depreciation				
Land Improvements	\$ 45	\$ ---	\$ ---	\$ 45
Buildings and Plant	970.5	57	---	1,027.5
Machinery and Equipment	1,277	66.5	---	1,343.5
Vehicles	608	292	---	900
Infrastructure	1,878.5	292	---	2,170.5
Total Accumulated Depreciation	\$ 4,779	\$ 448.5	\$ ---	\$ 5,227.5
Governmental Activities Capital Assets, Net	\$ 8,947.5	\$ 18.5	\$ ---	\$ 8,966
Governmental Activities Depreciation Expense				
General Government	\$ 16			\$ 16
Police				116.5
Fire				9
Street and Right of Way				137
Culture and Recreation				170
Total Governmental Activities Depreciation Expense	\$ ---	\$ 448.5		\$ 448.5

City of Barnesville
Notes to the Basic Financial Statements
For the year ended September 30, 2017

(Amounts Expressed in Thousands)

	Balance 10/1/16	Additions	Transfers In <Out>	Balance 9/30/17
Business-Type Activities:				
Capital Assets not being Depreciated:				
Land	\$ 932	\$ 117	\$ ---	\$ 1,049
Construction in Progress	932	117	---	1,049
Total Non-Depreciable Capital Assets	\$ 932	\$ 117	\$ ---	\$ 1,049
Depreciable Capital Assets:				
Buildings and Plant	\$ 333,142.5	\$ 208	\$ ---	\$ 333,350.5
Machinery and Equipment	1,577	4	---	1,581
Vehicles	308	---	---	308
Infrastructure	24,616	141	---	24,757
Total Depreciable Capital Assets	\$59,643.5	\$ 353	\$ ---	\$ 59,996.5
Total Non and Depreciable Capital Assets	\$60,575.5	\$ 470	\$ ---	\$ 61,045.5
Accumulated Depreciation				
Buildings and Plant	\$ 10,760.5	\$ 506	\$ ---	\$ 11,266.5
Machinery and Equipment	661	17	---	678
Vehicles	228.5	9	---	237.5
Infrastructure	5,626	661	---	6,287
Total Accumulated Depreciation	\$ 17,276	\$ 1,193	\$ ---	\$ 18,469
Business-Type Activities Capital Assets, Net	\$43,299.5	\$ < 723 >	\$ ---	\$ 42,576.5

3-E. Interfund Balances and Transfers

Interfund balances at September 30, 2017, 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:	
Splst 2011	General Fund	Industrial Development Fund	Water & Sewer Fund	Sanitation	Total
General Fund	\$ 4	\$ 16	\$ ---	\$ ---	\$ 20
Electric Fund	---	129	115	1	415
Water & Sewer	---	204	---	---	581
Total Fund	\$ 547	\$ 349	\$ 115	\$ 1	\$ 1,016

Interfund transfers for the year ended September 30, 2017, consisted of the following:

(Amounts Expressed in Thousands)		Transfers From:		Transfers To:	
General Fund	Water and Sewer	Electric Fund	SPLST 2011 FUND	General Fund	Water and Sewer
\$ 1,339	\$ 1,339	\$ ---	\$ ---	\$ ---	\$ ---
-----	-----	-----	-----	-----	-----
\$ 25	\$ 25	\$ ---	\$ ---	\$ ---	\$ ---
-----	-----	-----	-----	-----	-----
Total	\$ 1,364	\$ 1,339	\$ ---	\$ ---	\$ ---

**Completed Capital Project*

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.

City of Barnesville
Notes to the Basic Financial Statements
For the year ended September 30, 2017

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 28, 2011. 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 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, 2017.

Name	Interest Rate	Beginning of Year	Additions (Reductions) in Indebtedness	Balance End of Year
*2011-A Series	2.50% to 4.25%	\$19,865,000	< 75,000>	\$ 19,790,000
*2011-C Series	2.50% to 4.25%	3,760,000	< 75,000>	3,685,000
		\$23,625,000	< 150,000>	\$ 23,475,000

*Original issue amount \$19,935,000 - Purpose to Construct Water and Sewer Treatment Plant and refund debt.
*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 2017 are as follows:

Year	2011-A	2011-C Interest
2018	\$ 125,000	\$ 75,000
2019	275,000	80,000
2020	285,000	80,000
2021	295,000	85,000
2022	300,000	85,000
2023-2027	1,650,000	470,000
2028-2032	2,875,000	550,000
2033-2037	4,120,000	675,000
2038-2042	5,035,000	810,000
2043-2046	4,830,000	775,000
	<u>\$19,790,000</u>	<u>\$3,685,000</u>

Interest expense for 2017 amounted to \$914,653 for the above and has been expended within the accompanying financial statements.

City of Barnesville
Notes to the Basic Financial Statements
For the year ended September 30, 2017

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

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

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

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

3-G. Notes Payable

General Long-Term Interfund Debt

Balance Beginning of Year	\$ 271,154
Addition (Reduction)	\$258,984
Balance End of Year	<u>\$ 530,138</u>

City of Barnesville
Notes to the Basic Financial Statements
For the year ended September 30, 2017

Enterprise Funds – The following is a summary of the notes payable of the City as of September 30, 2017:

Note payable to Georgia Environmental Facilities Authority (GEFA) with interest at 0% per annum. Original debt amount of \$2,772,728
Purpose to construct Water Lines
\$ 1,776,277

The annual principal maturities of the above debt during the years following 2017 are as follows:

2018	\$ 173,296
2019	\$ 173,296
2020	\$ 173,296
2021	\$ 173,296
2022	\$ 173,296
2023-2027	\$ 866,480
2028	\$ 173,296
	<u>\$ 1,776,277</u>

GEFA

Note payable to Georgia Environmental Facilities Authority (GEFA) with interest at 0% per annum. Original debt amount of \$2,433,874.
Purpose to construct water lines (amount drawn to date)
\$ 1,916,678

2018	\$ 121,694
2019	121,694
2020	121,694
2021	121,694
2022	121,694
2023-2027	608,470
2028-2032	608,470
2033-2034	91,268
	<u>\$ 1,916,678</u>

Changes in Long-term Debt – Changes in the City's long-term obligations consisted of the following for the year ended September 30, 2017:

Outstanding 10/1/2016	Additions	Reductions	Outstanding 9/30/2017	Amounts Due in One Year
Business-Type Activities				
Water & Sewer Revenue Bonds				
(Waterline extension and plants)	23,625,000	150,000	23,475,000	200,000
Water and Sewer Customer Deposits (Net)	13,550	---	13,550	Not Known
GEFA Debt (Water line extension)	3,987,945	294,990	3,692,955	294,990
Electric and Sanitation Customer Deposits (Net)	323,885	---	323,885	Not Known
Total Business-Type Activities	\$ 27,950,380	\$ 1,537	\$ 27,506,927	\$ 494,990

City of Barnesville **Notes to the Basic Financial Statements** For the year ended September 30, 2017

3-H. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to 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.

At September 30, 2017, the City reported a liability of \$1,449,050 for its net pension liability. The net pension liability was measured as of September 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2017. The total pension liability was then rolled forward to the measurement date of September 30, 2016 utilizing update procedures in incorporating the actuarial assumptions. The City's net pension liability was based on a projection of the City's long-term future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan, actuarially determined.

For the year ended September 30, 2017, the City recognized pension expense of \$237,170.

Net Pension Liability

A. Changes in the Net Pension Liability

	(a)	(b)	(a) – (b)
Balances at September 30, 2015*	\$ 9,164,630	\$ 7,427,240	\$ 1,737,390
Changes for the year:			
Service cost	89,881	-----	89,881
Interest	693,648	-----	693,648
Differences between expected and actual experience	(40,150)	-----	(40,150)
Contributions - employer	-----	223,688	(223,688)
Contributions - employee	-----	819,553	(819,553)
Net investment income	-----	-----	-----
Benefit payments, including refunds of employee contributions	(428,669)	(428,669)	-----
Administrative expense	-----	(11,523)	11,523
Other	314,710	603,049	(288,339)
Net changes	\$ 9,479,340	\$ 8,030,289	\$ 1,449,051
Balances September 30, 2016**			

B. Sensitivity of the Net Pension Liability To Changes in the Discount Rate

1% Decrease	\$2,506,377	Current Discount Rate	\$1,449,051	1% Increase	\$556,746
(6.75%)		(7.75%)		(8.75%)	

* Entry Age Normal liabilities calculated using ages and service amounts as of January 1, 2016 are used to measure TPL as of September 30, 2015. The balances as of September 30, 2015 constitute measurements of the NPL for the fiscal year ending September 30, 2016.

** Entry Age Normal liabilities calculated using ages and service amounts as of January 1, 2017 are used to measure TPL as of September 30, 2016. The balances as of September 30, 2016 constitute measurements of the NPL for the fiscal year ending September 30, 2017.

The numbers shown in Exhibit 2 are based on a 2016 measurement date which would make them applicable to the Fiscal Year beginning October 1, 2015 and ending September 30, 2017.

City of Barnesville
Notes to the Basic Financial Statements
For the year ended September 30, 2017

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

A. Pension expense for the year ended September 30, 2017

Service Cost	\$ 89,881
Interest on TPL	693,648
Employee Contributions	-----
Administrative expenses	11,523
Expected return on assets	(567,222)
Expensed portion of current year period differences between expected and actual experience in TPL	10,036
Expensed portion of current year period assumption changes	-----
Current year plan changes	-----
Expensed portion of current year period differences between projected and actual investment earnings	(50,467)
Current year recognition of deferred inflows and outflows established in prior years	(69,843)
Total Expense	\$237,170

B. Deferred outflows/inflows of resources related to pensions

Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	(30,114)
Changes of assumptions	(63,129)
Net difference between projected and actual earnings on pension plan investments	(14,683)
Total	(107,926)

C. Projected recognition of deferred outflows/(inflows)

	Year Established	Outstanding Balance at October 1, 2016	Amount Recognized During FYE September 30, 2016	Outstanding Balance at September 30, 2016	2018	2019	2020	2021	2022
Fiscal Year Outflows									
Demographic	2015	\$ 18,988	\$ 9,494	\$ 9,494	\$ 9,494	-----	-----	-----	-----
Demographic	2016	234,480	78,160	156,320	78,160	96,545	96,545	96,545	-----
Investment	2016	386,180	96,545	289,635	96,545	-----	-----	-----	-----
Total Outflows		\$ 639,648	\$ 184,199	\$ 455,449	\$184,199	\$174,705	\$96,545	-----	-----
Fiscal Year Inflows									
Investment	2015	(\$ 153,681)	(\$ 51,227)	(\$ 102,454)	(\$51,227)	(\$51,227)	-----	-----	-----
Assumption Change	2015	(126,258)	(63,129)	(63,129)	(63,129)	-----	-----	-----	-----
Demographic	2017	(40,150)	(10,036)	(30,114)	(10,038)	(10,038)	(10,038)	(10,038)	-----
Investment	2017	(252,331)	(50,467)	(201,864)	(50,466)	(50,466)	(50,466)	(50,466)	(50,466)
Total Inflows		(\$ 572,420)	(\$ 114,356)	(\$ 165,583)	(\$174,860)	(\$111,731)	(60,504)	(50,466)	-----
Total		\$ 67,228	\$ 9,340	\$ 57,888	\$ 9,339	\$ 62,974	\$36,041	(50,466)	-----

Deferred Outflows/(Inflows) Recognized in Future Years

City of Barnesville
Notes to the Basic Financial Statements
For the year ended September 30, 2017

Schedule of Changes in the Net Pension Liability and Related Ratios

	2017	2016	2015
Fiscal Year End			
Total pension liability			
Service cost	\$ 89,881	\$ 100,023	\$ 80,684
Interest	693,648	644,765	637,378
Differences between expected and actual experiences	(40,150)	312,639	37,977
Changes of assumptions	-----	-----	(252,514)
Changes of benefit terms	-----	-----	-----
Benefit payments, including refunds of employee contributions	(428,669)	(424,679)	(391,746)
Net change in total pension liability	314,710	632,748	111,779
Total pension liability – beginning	9,164,630	8,531,882	8,420,103
Total pension liability – ending (a)	<u>\$ 9,479,340</u>	<u>\$ 9,164,630</u>	<u>\$ 8,531,882</u>
Plan fiduciary net position			
Contributions – employer	\$ 223,688	\$ 216,720	\$ 221,705
Contributions – employee	819,553	94,168	787,570
Net investment income	(428,669)	(424,679)	(391,746)
Benefit payments, including refunds of employee contributions	(11,523)	(13,426)	(10,696)
Other	603,049	(127,217)	606,833
Net change in fiduciary net position	7,427,240	7,554,457	6,947,624
Plan fiduciary net position – beginning (b)	<u>\$ 8,030,289</u>	<u>\$ 7,427,240</u>	<u>\$ 7,554,457</u>
Plan fiduciary net position – ending (b)	<u>\$ 1449,051</u>	<u>\$ 1,737,390</u>	<u>\$ 977,425</u>
Net Pension liability – ending: (a)-(b)			
Plan's fiduciary net position as a percentage of the total pension liability	84.71%	81.04%	88.54%
Covered-employee payroll	\$ 2,755,710	\$ 2,619,051	\$ 2,413,654
Net pension liability as a percentage of covered-employee payroll	52.58%	66.34%	40.50%

Schedule of Contributions

	2017	2016	2015
Fiscal Year End			
Actuarially determined contribution	205,818	216,720	\$ 214,434
Contributions in relation to the actuarially determined contribution	223,688	223,688	216,720**
Contribution deficiency (excess)	(17,870)	(7,870)	(2,286)
Covered-employee payroll	2,619,051***	2,619,051***	(2,286,654)
Contributions as a percentage of covered-employee payroll	8.54%	8.54%	8.98%

* 2017 information will be determined after fiscal year end and will be included in the 2018 valuation report

** Contributions are recorded based on date of receipt into the GMEBS trust. Minor timing issues in receipt of monthly payments are not indicative of non-compliance with GMEBS funding policy. A plan is in compliance with the GMEBS funding policy if it pays either the dollar amount or the percentage of employee-covered payroll of the actuarially determined contributions.

*** 2016 covered payroll is based on data collected as of August 31, 2015 for the 2016 actuarial valuation

City of Barnesville
Notes to the Basic Financial Statements
For the year ended September 30, 2017

Notes to Schedule of Contributions

Valuation Date	The actuarially determined contribution was determined as of January 1, 2017, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution will be reported for the fiscal year ending September 30, 2018.
Methods and assumptions used to determine contribution rates:	
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Closed level dollar for remaining unfunded liability; See Section 5, Exhibit II for additional detail
Remaining Amortization Period	Remaining amortization period varies for the bases, with a net effective amortization period of 10 years.
Asset Valuation Method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Actuarial Assumptions:	7.75% 3.25% plus service based merit increases
Net Investment Rate of Return	See Section 5, Exhibit III for summary of assumption and Section 4, Exhibit 6 for the history of changes to this assumption, if any.
Cost of Living Adjustments	See Section 5, Exhibit III for summary of assumption and Section 4, Exhibit 6 for the history of changes to this assumption, if any.
Retirement Age	See Section 5, Exhibit III for summary of assumption and Section 4, Exhibit 6 for the history of changes to this assumption, if any.
Mortality	See Section 5, Exhibit III for summary of assumption and Section 4, Exhibit 6 for the history of changes to this assumption, if any.
Other information:	See Section 4, Exhibit 6 for the history of changes to plan provisions, if any.

Actuarial Valuation History for Notes to Schedules

This exhibit describes assumptions and benefit changes reflected in the last two fiscal years. For earlier changes, please see prior valuation reports.

Changes of assumptions

- As a result of the new administrative fee structure approved by the Board, the administrative expense assumption was updated for fiscal years beginning in 2016. See Section 5, Exhibit III for details.
- As a result of the plan change to provide immediate participation for Employees, for the Fiscal Year ending in 2015, the eligibility assumption has been changed from one year to immediate. The increase in the Plan's NPL is minimal and has been included in the differences between expected and actuarial experience. Amounts reported for the Fiscal Year ending in 2015 and later reflect the following assumption changes approved by the Board in December, 2014 based on the results of an actuarial experience study covering the period January 1, 2010 to June 30, 2014:
- The mortality table for disabled participants was changed to remove the two-year set-forward for males and the one-year set-forward for females.
- The turnover rates were updated to introduce select rates for service less than five years and to reduce the ultimate rate by 1.5% and to assume no turnover on and after age 55. The select period rates were further constrained to not be less than the ultimate rates.
- The retirement rates where normal retirement is only available on or after age 65 were changed from the prior assumption of 100% at age 65 to the new assumption of 60% at ages 65 to 69 and 100% at age 70. Where normal retirement is available prior to age 65, the rates were changed from the prior assumption of 100% at earliest undeduced age, but not below age 60, to the new assumption of 10% at ages 55 to 59, 20% at age 60, 25% at age 61, 35% at age 62, 40% at age 63, 45% at age 64, 50% at ages 65 to 69, and 100% at age 70.
- The inflation and cost-of-living adjustment assumptions were decreased from 3.50% to 3.25%.
- The salary increase assumption was changed from select period rates during the first five years of service, followed by age-related rates to an assumption based on new service-related rates. Under the prior assumption, the salary increases ranged from 4.00% to 11.00% and included an inflation assumption of 3.50%. Under the new assumption, the salary increases range from 3.75% to 8.00% and include an inflation assumption of 3.25%.

Benefit changes

- Effective January 1, 2015, the Plan was amended to provide for immediate participation for Employees. This change has no impact on service credited under the Plan and has no impact on benefits.

City of Barnesville
Notes to the Basic Financial Statements
For the year ended September 30, 2017

Actuarial Assumptions: The total pension liability in the January 1, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25 percent
Salary increases	3.25 percent plus service based merit increases
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the January 1, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through June 30, 2015.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, self-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of September 30, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	25%	2.53%
International Equity	20%	7.45%
Real Estate	10%	4.55%
Domestic Equity	45%	6.75%
Total	100%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2013 asset liability and investment policy study for the Georgia Retirement Systems including GMEBS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.35%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on the assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's net pension liability to changes in the discount rate. The following presents the City's net pension liability calculated using the discount rate of 7.75 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent) or one percentage point higher (8.75 percent) than the current rate:

City's net pension liability (asset)	\$ 2,506,377	\$ 1,449,051	\$ 556,746
	<u>Decrease</u>	<u>Rate</u>	<u>Increase</u>
	1%	Discount	1%
	(6.75%)	(7.75%)	(8.75%)

City of Barnesville
Notes to the Basic Financial Statements
For the year ended September 30, 2017

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Actuarial Valuation and Review Report from the Georgia Municipal Association, 201 Pryor Street, SW, Atlanta, Georgia 30303-3606.

3-L. Equity

Net Positions—Net positions on the government-wide statement of net positions as of September 30, 2017 are as follows:

(Amounts Expressed in Thousands)		
Governmental Activities	Business-Type Activities	
\$ 14,193.5	\$ 61,045.5	Cost of Capital Assets
< 5,227.5>	< 18,469 >	Less Accumulated Depreciation
**\$ 8,966	\$ 42,576.5	Book Value
	<*27,244 >	Less Capital Related Debt
\$ 8,966	\$ 15,332.5	Net Investment in capital assets
		*Capital debt \$27,550 plus accrued interest of \$76.
		**Rounded up

Fund Balances — Fund balance assignments at the fund reporting level as of September 30, 2017 are as follows:

Assigned Fund Balances:

Nature and Purpose of Assignments	
General	\$ 105,279
Cemetery Perpetual Care	\$

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, 2018. The City at present provides the recycling services to residents.

3-K. Compliance with Legal Provisions

Grants — In the year ended September 30, 2017, the City received payments from the State of Georgia as follows:

Georgia Department of Transportation (LMIG) - \$77,983 to be used for street improvements.

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.

Hotel/Motel Tax — The City was in compliance with the provisions of OCGA-48-13-51 which require the City to meet the expenditures during the fiscal year is \$17,215. 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 \$6,811 in hotel/motel tax collections during the fiscal year to the Barnesville-Lamar County Chamber of Commerce. The Barnesville-Lamar County Chamber of Commerce provides the City with annual financial statements as verification of the hotel/motel collections. The amount owed in hotel/motel tax by the City to the Barnesville-Lamar County Chamber of Commerce at September 30, 2017 is \$0.

City of Barnesville
Notes to the Basic Financial Statements
For the year ended September 30, 2017

3-L. Other Required Individual Fund Disclosures

The General Fund has a deficit of \$206,315 for the fiscal year ending September 30, 2017. The fund has a \$391,355 surplus to offset future deficits.

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, 2017, the outstanding debt of the Authority was approximately \$6.33 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 MEOG for the mutual benefit of MEOG and its wholesale customers which have elected to become beneficiaries. The Trust was established to provide MEOG and the Trust's beneficiaries a means to mitigate the expected differential between market rates for power and the costs of power generated by MEOG facilities, after deregulation of the electric industry.

The Trust created two types of funds, which are held by MEOG 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 MEOG for power usage if certain criteria related to the difference between the cost of power generated by MEOG 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 \$57,151.

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.

City of Barnesville
Notes to the Basic Financial Statements
For the year ended September 30, 2017

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 proceedings 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

City of Barnesville
Notes to the Basic Financial Statements
For the year ended September 30, 2017

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.

4-F. Change in Accounting Principles/Restatement

Net Position was Restated for General Fund by \$457,482 due to the reallocation of the Pension Liability to the Propriety Funds. The Net Position of the Electric Fund, Sanitation Fund, and Water Fund were restated by \$<215,465>, \$<80,830>, \$<161,557>, due to the reallocation of the Pension Liability from the General Fund.

4-G. Subsequent Events

No significant subsequent events have occurred between the end of the fiscal year September 30, 2017 and the issuance of the audited financial statements, March 20, 2018.

Required Supplementary Information

City of Barnesville
City of Barnesville Contributions
Required Supplementary Information
September 30, 2017 and 2016

**A Participating Member of the Georgia Municipal Employees Benefit System
(Local Government Employees' Retirement System)**

<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 223,688
Contributions in relation to the contractually required contribution	<u>223,688</u>
Contribution deficiency (excess)	<u>\$ -----</u>
City's covered-employee payroll	\$ 2,755,710
Contributions as a percentage of covered-employee payroll	8.12%
	8.27%
	\$ 2,619,051

City of Barnesville
City of Barnesville's Proportionate Share of Net
Pension Liability
Required Supplementary Information
September 30, 2017

Georgia Firefighter's Pension Fund

2017	
0.00%	City's proportionate share of the net pension liability
\$ -----	City's proportionate share of the net pension liability \$
\$ 223,995	City's covered-employee payroll
.001101%	State's proportionate share of the net pension liability as a percentage of its covered employee payroll
79.03%	Plan fiduciary net position as a percentage of the total pension liability
\$ 107,263	State's proportionate share of the net pension liability associated with City of Barnesville

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TOTAL REVENUE-CARRIED FORWARD

(Continued)

For the Year Ended September 30, 2017

Budget and Actual-General Fund Types

AND CHANGES IN FUND BALANCES

City of Barnesville

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City of Barnesville
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
Budget and Actual-Capital Project Fund Types
(Does Not Include Trust Fund Data)
For the Year Ended September 30, 2017

	SPLOST 2011			
	ORIGINAL	FINAL	ACTUAL	VARIANCE
	BUDGET	BUDGET		POSITIVE
				(NEGATIVE)
REVENUES				
Intergovernmental	\$ 600,000	\$ 648,771	\$ 648,771	
Interest	-----	662	662	
TOTAL REVENUES	\$ 600,000	\$ 649,433	\$ 649,433	
EXPENDITURES				
Current				
Miscellaneous	\$ -----	\$ -----	\$ -----	
Capital Outlay				
Current Operations	600,000	294,738	294,738	
Total Expenditures	\$ 600,000	\$ 294,738	\$ 294,738	
EXCESS REVENUES OVER <UNDER> EXPENDITURES	\$ -----	\$ 354,695	\$ 354,695	
OTHER FINANCING SOURCES (USES)				
Loan Proceeds	\$ -----	\$ -----	\$ -----	
Transfers Out (Water & Sewerage Fund)	\$ -----	\$ < 25,021 >	\$ < 25,021 >	
Total Other Financing Sources (Uses)	\$ -----	\$ < 25,021 >	\$ < 25,021 >	
NET CHANGE IN FUND BALANCES	\$ -----	\$ 329,674	\$ 329,674	
FUND BALANCE- BEGINNING OF YEAR	-----	524,711	524,711	
FUND BALANCE- END OF YEAR	\$ -----	\$ 854,385	\$ 854,385	

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, 2017

HOTEL / MOTEL TAX (NON-MAJOR FUND)			
VARIANCE	POSITIVE	FINAL	ORIGINAL
(NEGATIVE)	ACTUAL	BUDGET	BUDGET
REVENUES			
Hotel-Motel Tax	\$ 17,215	\$ 17,215	\$ 13,000
TOTAL REVENUES	\$ 17,215	\$ 17,215	\$ 13,000
EXPENDITURES			
Current			
Cultural and Recreation (Tourism)	\$ 17,215	\$ 17,215	\$ 13,000
Total Expenditures	\$ 17,215	\$ 17,215	\$ 13,000
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, 2017

2017	2016
\$ 325,059	\$ 278,324
105,738	70,521
59,635	63,644
35,376	45,108
3,269	3,016
3,074	1,701
78,500	78,500
47,598	52,544
27,539	37,308
6,000	5,100
11,004	8,254
30,477	27,153
381,788	347,587
16,803	13,817
14,572	10,237
31,765	24,958
7,749	7,829
21,999	14,454
6,625	6,670
500	500
-----	9,873
-----	7,700
\$1,215,070	\$1,114,798

Salaries
 Employee Benefits
 Contract Labor
 Legal and Professional Fees
 Dues and Subscriptions
 Advertising
 Industrial Development Authority-Donation
 E.P. Roberts Center
 Office Supplies
 Travel
 Training Courses
 Postage
 Insurance
 Utilities and Telephone
 Public Property Expenditure
 Maintenance Agreement
 Repairs and Maintenance
 Miscellaneous
 McIntosh Trail RDC
 Tamar County Health Clinic
 Facade Grant Disbursements
 Capital Outlay - Computer*

Total Expenditures

*Reported as Capital Outlay on other Statements and Schedules

7 3666.00 Elected

City of Barnesville
General Fund
SCHEDULE OF ADMINISTRATIVE
AND GENERAL EXPENDITURES
MAYOR AND COUNCIL
For the Year Ended September 30, 2017

Mayor and Council Salaries / Benefits	\$ 88,188	\$ 86,456
Mayor and Council Travel	20,375	20,228
Mayor and Council School and Training	25,522	23,428
Mayor and Council Supplies	1,930	2,340
Mayor and Council Telephone	1,176	1,380
Capital Outlay *	---	5,725
Total Expenditures	\$ 137,191	\$ 139,557

*Reported as Capital Outlay on other Statements and Schedules

88,188
 210,200
 177,988

City of Barnesville
General Fund
SCHEDULE OF REVENUES AND EXPENDITURES
POLICE DEPARTMENT
For the Year Ended September 30, 2017

REVENUES

Fines

Accident Reports

Miscellaneous

Parking Violations

Intergovernmental Revenues

Total Revenues

EXPENDITURES

Salaries

Employee Benefits

Supplies

Repairs and Maintenance

Utilities

Gas and Oil

Tires and Tire Repairs

Uniforms

Dues and Subscriptions (Computer)

Travel and Training Courses

Miscellaneous

Traffic Court Judge, Indigent Defense & Solicitor

Peace Officers and Prosecutions

Peace Officers' Annuity Benefits

GA Crime Victims Emergency Fund

Drug Testing

Jr. Police/Community Projects

New Equipment*

Crime Lab and Brain and Spinal Injury Funds

County Drug Abuse Treatment

Driver Education and Training Fund

Total Expenditures

EXCESS EXPENDITURES OVER REVENUES

*Reported as Capital Outlay on other Statements and Schedules

2017	2016
\$ 330,667	\$ 230,052
808	770
2,823	4,783
775	1,295
22,658	25,634
\$ 357,731	\$ 262,534
886,501	918,431
298,360	263,729
47,104	39,506
33,428	19,168
803	1,833
20,331	18,965
44,520	36,679
4,619	4,964
10,051	11,543
16,306	9,315
7,275	4,704
1,448	685
26,100	26,500
19,949	15,470
7,641	5,583
316	92
560	-----
624	-----
28,585	-----
616	508
3,749	1,800
813	523
\$ 1,459,699	\$ 1,379,998
\$ <1,101,968 >	\$ <1,117,464 >

City of Barnesville

General Fund **SCHEDULE OF REVENUES AND EXPENDITURES** **FIRE DEPARTMENT** For the Year Ended September 30, 2017

	2017	2016
REVENUES		
Miscellaneous	\$ 1,250	\$ 15
Intergovernmental	15,063	
EXPENDITURES		
Salaries	\$ 223,995	\$ 227,822
Employee Benefits	94,150	80,158
Contract Labor	10,163	15,624
Supplies	8,441	10,916
Fire Calls and Drills	10,434	10,275
Gas and Oil	2,427	6,736
Radio Contract	-----	1,653
Uniforms	7,124	343
Utilities	4,976	4,897
Retirement- Voluntary Firemen	3,600	3,600
Repairs and Maintenance	11,856	1,684
Drug Testing	220	-----
Miscellaneous	-----	-----
Equipment Testing	4,215	1,681
Capital Outlay - Equipment*	24,939	10,528
Total Expenditures	\$ 406,540	\$ 375,917
EXCESS EXPENDITURES OVER REVENUES	\$ < 390,227 >	\$ < 375,902 >

*Reported as Capital Outlay on other Statements and Schedules

City of Barnesville

General Fund SCHEDULE OF REVENUES AND EXPENDITURES STREET AND RIGHT OF WAY DEPARTMENT For the Year Ended September 30, 2017

	2017	2016
REVENUES		
Intergovernmental	\$ 77,983	\$ 163,318
Miscellaneous (Surplus)	5,340	3,148
Animal Control	3,545	3,774
Total Revenues	\$ 86,868	\$ 170,240
EXPENDITURES		
Salaries	\$ 315,306	\$ 155,365
Contract Labor	134,919	129,609
Employee Benefits	126,861	100,806
Supplies	63,557	41,432
Tires and Tire Repairs	1,367	1,480
Contracted Services	21,109	4,185
Gas and Oil	18,365	17,130
Utilities	4,405	2,573
Miscellaneous	7,500	17,353
Repairs (Including Service Agreements)	9,086	28,937
Street Mowing Contract	61,030	71,800
State Contract	23,055	16,458
Animal Control	14,695	22,561
Waste Disposal	5,005	---
Summer's Field Park Maintenance	33,729	27,885
Street Paving*	77,983	85,369
Capital Outlay - Equipment*	15,500	45,968
Total Expenditures	\$ 933,472	\$ 768,911
EXCESS EXPENDITURES OVER REVENUES	\$ < 846,604 >	\$ < 598,671 >

*Reported as capital outlay on other statements and schedules.

City of Barnesville
General Fund
SCHEDULE OF REVENUES AND EXPENDITURES
CEMETERY DEPARTMENT
For the Year Ended September 30, 2017

		2017	2016
REVENUES			
Sale of Cemetery Lots	\$	8,450	\$ 13,600
Opening Graves		9,500	18,000
Miscellaneous		942	-----
EXPENDITURES			
Contract Labor	\$	12,925	\$ 16,000
Miscellaneous		1,274	5,513
Mowing Contract		38,034	39,100
Total Expenditures	\$	52,233	\$ 60,613
EXCESS EXPENDITURES OVER REVENUES	\$ <	33,341 >	\$ < 29,013 >

City of Barnesville

General Fund **SCHEDULE OF REVENUES AND EXPENDITURES** **CIVIC CENTER** For the Year Ended September 30, 2017

	2017	2016
REVENUES		
Miscellaneous-Rentals	\$ 22,741	\$ 22,726
Membership Fees	19,626	23,729
Total Revenues	\$ 42,367	\$ 46,455
EXPENDITURES		
Salaries	\$ 105,718	\$ 104,400
Contract Labor	24,041	25,705
Supplies	10,975	12,579
Employee Benefits	23,962	28,363
Utilities	1,544	1,722
Miscellaneous	4,852	28
Uniforms	3,343	2,313
Repairs	1,646	2,179
Drug Testing	---	70
Capital Outlay - Fitness Equipment*	25,063	11,025
Total Expenditures	\$ 201,144	\$ 188,384
EXCESS EXPENDITURES OVER REVENUES	\$ < 158,777 >	\$ < 141,929 >

*Reported as Capital Outlay on other Statements and Schedules

City of Barnesville
General Fund
SCHEDULE OF REVENUES AND EXPENDITURES
SWIMMING FACILITIES
For the Year Ended September 30, 2017

REVENUES		2017		2016	
Fees	\$	3,334	\$	3,474	
Total Revenues	\$	3,334	\$	3,474	
EXPENDITURES					
Salaries	\$	25,528	\$	28,994	
Supplies		11,572		6,517	
Employee Benefits		1,953		2,218	
Utilities		647		681	
Drug Testing		770		840	
Repairs		970		963	
Total Expenditures	\$	41,440	\$	40,213	
EXCESS EXPENDITURES OVER REVENUES		\$ <	38,106 >	\$ <	36,739 >

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[illegible]

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, 2017

	INDUSTRIAL	SANITATION	ELECTRIC	TOTALS
OPERATING REVENUES				
Charges for Service	\$ 8,630,105	\$ 659,161	\$ 7,970,944	\$ 17,259,210
Miscellaneous (MEAG)	1,157,307	---	695,066	1,852,373
Rental Income	133,578	---	---	133,578
Total Operating Revenues	\$ 9,920,990	\$ 659,161	\$ 8,666,010	\$ 19,246,161
OPERATING EXPENSES				
Personal Services	\$ 686,481	\$ 65,864	\$ 620,617	\$ 1,372,962
Salaries	---	---	200,709	200,709
Employee Benefits	---	40,491	---	40,491
Total Personal Services	\$ 927,681	\$ 106,355	\$ 821,326	\$ 1,855,362
Operating Expenses				
Contractual Services	\$ 6,735,128	\$ 437,365	\$ 6,248,485	\$ 13,420,978
Supplies	86,866	7,613	79,253	174,732
Gas and Oil	21,490	8,379	13,111	43,080
Repairs and Maintenance	27,491	8,624	18,867	54,982
Mapping	1,735	---	1,735	3,470
Waste Disposal Fees	31,418	31,418	---	62,836
Landfill Postclosure	57,151	57,151	---	114,302
Miscellaneous	15,959	5,493	10,443	31,895
Utilities	6,926	737	6,189	13,852
Depreciation	51,030	1,139	29,191	81,360
Total Operating Expenses	\$ 7,035,194	\$ 557,919	\$ 6,407,274	\$ 14,000,387
Total Expenses	\$ 7,962,875	\$ 664,274	\$ 7,228,600	\$ 15,855,749
OPERATING INCOME <LOSS>	\$ 1,958,115	\$ 5,113	\$ 1,437,410	\$ 3,400,638
NONOPERATING REVENUE <EXPENSE>				
Interest Revenue	\$ 3,144	---	\$ 1,069	\$ 4,213
Gain On Sale (Carter's)	279,500	---	---	279,500
Total Nonoperating Revenue (Expense)	\$ 282,644	---	\$ 1,069	\$ 283,713
NET INCOME <LOSS>	\$ 2,240,759	\$ 5,113	\$ 1,438,479	\$ 3,684,351

City of Barnesville

Department of Schedule of Revenues and Expenditures Proprietary Funds Water and Sewerage Fund For the Year Ended September 30, 2017

	WATER	SEWERAGE	TOTALS
OPERATING REVENUES			
Charges for Service	\$ 1,887,014	\$ 1,887,014	\$ 3,774,028
Miscellaneous	16,249	16,591	32,840
Total Operating Revenues	\$ 1,903,263	\$ 1,903,605	\$ 3,806,868
OPERATING EXPENSES			
Personal Services	\$ 338,894		\$ 338,894
Salaries			
Employee Benefits	134,826		134,826
Total Personal Services	\$ 473,720	\$ ----	\$ 473,720
Operating Expenses			
Contractual Services	\$ 542,915	\$ 448,835	\$ 991,750
Contract Labor	49,798	49,798	99,596
Supplies and Materials	117,817	101,668	219,485
Professional Fees	12,531	----	12,531
Utilities	3,282	----	3,282
Depreciation	666,042	475,963	1,142,005
Equipment Repairs	15,290	15,290	30,580
Miscellaneous and other operating	43,791	4,791	48,582
Total Operating Expenses	\$ 1,451,466	\$ 1,096,345	\$ 2,547,811
Total Expenses	\$ 1,925,186	\$ 1,096,345	\$ 3,021,531
OPERATING INCOME <LOSS>	\$ < 21,923 >	\$ 807,260	\$ 785,337
NONOPERATING REVENUE <EXPENSE>			
Interest Revenue	\$ 10,393	\$ 10,392	\$ 20,785
Interest Expense	< 457,326 >	< 457,327 >	< 914,653 >
TOTAL NONOPERATING REVENUE <EXPENSE>	\$ < 446,933 >	\$ < 446,935 >	\$ < 893,868 >
NET INCOME <LOSS>	\$ < 468,856 >	\$ 360,325	\$ < 108,531 >

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, 2017

2011 A, B & C BOND SERIES				TOTALS			
DEBT SERVICE	DEBT SERVICE	RENEWAL & EXTENSION	FUND	DEBT SERVICE	RENEWAL & EXTENSION	FUND	FUND
REVENUES							
Interest Income	\$ 2,019	\$ 11,621	\$ 5,896	\$ 19,536			
EXPENSES							
Interest Expense	\$ 915,275	\$ ----	\$ ----	\$ 915,275			
Trust Fees	12,531	----	----	12,531			
TOTAL EXPENSES	\$ 927,806	\$ ----	\$ ----	\$ 927,806			
INCOME (LOSS) BEFORE TRANSFERS	\$ < 925,787 >	\$ 11,621	\$ 5,896	\$ < 908,270 >			
TRANSFERS							
From Water and Sewerage Fund	\$ 1,065,275	\$ ----	\$ ----	\$ 1,065,275			
From Debt Service Reserve	----	----	----	----			
TOTAL TRANSFERS	\$ 1,065,275	\$ ----	\$ ----	\$ 1,065,275			
NET INCOME	\$ * 139,488	\$ 11,621	\$ 5,896	\$ 157,005			

* Not Including Principal Reduction of \$150,000.

*Independent Auditor's Report on
Special County 1 percent Sales & Use Tax*

J. Robyn Underwood, CPA

Member of American Institute of Certified Public Accountants

302-A Taylor Street • Barnesville, GA 30204

Phone: (770) 358-3737 • Fax: (770) 358-3787 • UnderwoodCPA@aol.com

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

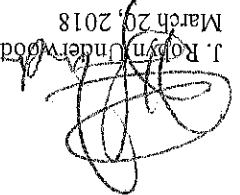
Honorable Mayor and
Members of the Council
City of Barnesville, Georgia

We have audited the accompanying Schedule of Special Purpose Local Option Sales Tax for the City of Barnesville, Georgia for the fiscal year ended September 30, 2017. 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 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, 2017, in conformity with accounting principles generally accepted in the United States of America.


J. Robyn Underwood, CPA
March 20, 2018

SPLOST Schedule

City of Barnesville
SCHEDULE OF PROJECTS CONSTRUCTED
WITH SPECIAL SALES TAX PROCEEDS
For the Year Ended September 30, 2017

PROJECT - 2011	ORIGINAL ESTIMATED COSTS	EXPENDITURES		TOTAL	ESTIMATED PERCENTAGE OF COMPLETION
		CURRENT YEAR	PRIOR YEARS		
Paving, Resurfacing and Construction of Roads (Including Drainage and Sidewalks)	\$ 664,967	\$ 24,020	\$ 111,106	\$ 135,126	20.32%
Construction and Equipment Other Public Projects (Landfill)	785,381	1,435,626	10,000	1,445,626	100%
Construction and Renovation of Public Facilities (Library and Summers Field)	1,082,143	844,818	173,633	1,018,451	94.11%
Improvements to Water and Sewer Systems	1,197,672	124,901	25,021	149,922	12.52%
	\$3,730,163	\$2,429,365	\$ 319,760	\$2,749,125	

Report on Internal Control

J. Robyn Underwood, CPA

Member of American Institute of Certified Public Accountants

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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; No Significant Deficiencies Identified; and No Reportable Instances of Noncompliance and Other Matters Identified)

Honorable Mayor and
Members of the City Council
Barnesville, Georgia

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the City of Barnesville (the "City") as of and for the year ended September 30, 2017, and related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 20, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City'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 City's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did not identify any deficiencies in internal control.

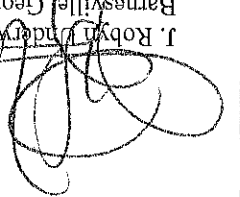
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Barnesville's financial 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 direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective in our audit, and accordingly, we do not express such an opinion. The results of our tests did not disclose an instance of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

J. Robyn Underwood, CPA
Barnesville, Georgia
March 20, 2018



Schedules of Findings and Responses

City of Barnesville, Georgia
Schedule of Findings and Responses
For the Year Ended September 30, 2017

As of September 30, 2017, the schedule of findings and responses pertain to the following:

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

None

(Compliance Structure) related to the financial statements which are to be reported in accordance with Government Auditing Standards.

None.

Prior Year Findings

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

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

16-01 Account Monitoring:

Condition: Several accounts required adjustments. Effect: Account balances are not correct. Cause: Improper posting of transactions; computer software error. Remedy: Designate a member of personnel to review financial statements on a quarterly basis and make appropriate adjustments or post the entries manually. Management: We concur with the finding and are taking the proper steps to monitor the financial reporting and account balances. This finding has been corrected.

(Compliance Structure) related to the financial statements which are to be reported in accordance with Government Auditing Standards.

None.