

**CITY OF BARNESVILLE, GEORGIA**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED**  
**SEPTEMBER 30, 2021**

Prepared by:  
Barnesville Finance Department

**CITY OF BARNESVILLE, GEORGIA**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

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## **FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S REPORT

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**To the Honorable Mayor and Members  
of the City Council  
City of Barnesville, Georgia  
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 the aggregate remaining fund information of the **City of Barnesville, Georgia** (the "City"), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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 entity'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.

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**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund 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 Schedule of Changes in the City's Net Pension Liability and Related Ratios (on pages 38 and 39) and the Schedule of City Contributions (on pages 40 and 41) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of special purpose local option sales tax proceeds is presented for purposes of additional analysis as required by the Official Code of Georgia Annotated §48-8-121, and is not a required part of the basic financial statements.

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The schedule of expenditures of special purpose local option sales tax proceeds is the responsibility of management and is 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. In our opinion, the schedule of expenditures of special purpose local option sales tax proceeds was 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 September 30, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Mauldin & Jenkins, LLC*

Macon, Georgia  
September 30, 2022

## **BASIC FINANCIAL STATEMENTS**

**CITY OF BARNESVILLE, GEORGIA**

**STATEMENT OF NET POSITION  
SEPTEMBER 30, 2021**

| ASSETS  | Primary Government      |                          |                      |
|---|-------------------------|--------------------------|----------------------|
|   | Governmental Activities | Business-type Activities | Total                |
| Cash and cash equivalents                       | \$ 2,535,482            | \$ 4,565,819             | \$ 7,101,301         |
| Investments                                     | -                       | 6,227,199                | 6,227,199            |
| Taxes receivable                                | 68,438                  | -                        | 68,438               |
| Accounts receivable, net of allowances          | 780,623                 | 1,948,267                | 2,728,890            |
| Due from other governments                      | 262,293                 | -                        | 262,293              |
| Internal balances                               | (2,308,954)             | 2,308,954                | -                    |
| Inventories                                     | -                       | 296,061                  | 296,061              |
| Restricted assets:                              |                         |                          |                      |
| Cash and cash equivalents                       | -                       | 1,518,129                | 1,518,129            |
| Capital assets:                                 |                         |                          |                      |
| Nondepreciable                                  | 1,227,050               | 1,677,439                | 2,904,489            |
| Depreciable, net                                | 12,291,055              | 26,082,545               | 38,373,600           |
| Total assets                                    | <u>14,855,987</u>       | <u>44,624,413</u>        | <u>59,480,400</u>    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>           |                         |                          |                      |
| Pension   | 358,358                 | 173,576                  | 531,934              |
| Deferred charges on refundings                  | -                       | 1,018,036                | 1,018,036            |
| Total deferred outflows or resources            | <u>358,358</u>          | <u>1,191,612</u>         | <u>1,549,970</u>     |
| <b>LIABILITIES</b>                              |                         |                          |                      |
| Accounts payable                                | 226,247                 | 737,474                  | 963,721              |
| Accrued liabilities                             | 51,884                  | 56,823                   | 108,707              |
| Unearned revenues                               | 1,243,399               | -                        | 1,243,399            |
| Customer deposits payable                       | -                       | 235,587                  | 235,587              |
| Notes payable due within one year               | -                       | 294,989                  | 294,989              |
| Notes payable due in more than one year         | -                       | 2,235,531                | 2,235,531            |
| Bonds payable due within one year               | -                       | 490,000                  | 490,000              |
| Bonds payable due in more than one year         | -                       | 21,110,000               | 21,110,000           |
| Net pension liability due in more than one year | 833,647                 | 403,788                  | 1,237,435            |
| Total liabilities                               | <u>2,355,177</u>        | <u>25,564,192</u>        | <u>27,919,369</u>    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>            |                         |                          |                      |
| Pension   | 104,552                 | 50,640                   | 155,192              |
| Total deferred inflows of resources             | <u>104,552</u>          | <u>50,640</u>            | <u>155,192</u>       |
| <b>NET POSITION</b>                             |                         |                          |                      |
| Net investment in capital assets                | 13,518,105              | 4,647,500                | 18,165,605           |
| Restricted for:                                 |                         |                          |                      |
| Economic development                            | 1,150                   | -                        | 1,150                |
| Capital projects                                | 1,274,535               | -                        | 1,274,535            |
| Unrestricted                                    | (2,039,174)             | 15,553,693               | 13,514,519           |
| Total net position                              | <u>\$ 12,754,616</u>    | <u>\$ 20,201,193</u>     | <u>\$ 32,955,809</u> |

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

# CITY OF BARNESVILLE, GEORGIA

## STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

| Functions/Programs                   | Program Revenues     |                      |                                    |                                  | Net (Expenses) Revenues and Changes in Net Position |                          |                      |
|--------------------------------------|----------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|----------------------|
|                                      | Expenses             | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government                                  |                          |                      |
|                                      |                      |                      |                                    |                                  | Governmental Activities                             | Business-type Activities | Total                |
| <b>Primary government:</b>           |                      |                      |                                    |                                  |   |                          |                      |
| Governmental activities:             |                      |                      |                                    |                                  |   |                          |                      |
| General government                   | \$ 2,060,928         | \$ 694,408           | \$ -                               | \$ -                             | \$ (1,366,520)                                      | \$ -                     | \$ (1,366,520)       |
| Public safety                        | 2,158,800            | 313,840              | 121,794                            | -                                | (1,723,166)   | -                        | (1,723,166)          |
| Public works                         | 1,112,543            | -                    | -                                  | 976,401                          | (136,142)   | -                        | (136,142)            |
| Parks and recreation                 | 373,128              | -                    | -                                  | -                                | (373,128)   | -                        | (373,128)            |
| Housing and economic development     | 44,311               | -                    | -                                  | -                                | (44,311)  | -                        | (44,311)             |
| Total governmental activities        | <u>5,749,710</u>     | <u>1,008,248</u>     | <u>121,794</u>                     | <u>976,401</u>                   | <u>(3,643,267)</u>                                  | <u>-</u>                 | <u>(3,643,267)</u>   |
| Business-type activities:            |                      |                      |                                    |                                  |   |                          |                      |
| Water and sewer                      | 3,466,966            | 4,420,862            | -                                  | -                                | -   | 953,896                  | 953,896              |
| Electric                             | 7,999,464            | 9,584,590            | -                                  | -                                | -   | 1,585,126                | 1,585,126            |
| Solid waste                          | 817,691              | 685,345              | -                                  | -                                | -   | (132,346)                | (132,346)            |
| Total business-type activities       | <u>12,284,121</u>    | <u>14,690,797</u>    | <u>-</u>                           | <u>-</u>                         | <u>-</u>  | <u>2,406,676</u>         | <u>2,406,676</u>     |
| Total primary government             | <u>\$ 18,033,831</u> | <u>\$ 15,699,045</u> | <u>\$ 121,794</u>                  | <u>\$ 976,401</u>                | <u>(3,643,267)</u>                                  | <u>2,406,676</u>         | <u>(1,236,591)</u>   |
| General revenues:                    |                      |                      |                                    |                                  |   |                          |                      |
| Property taxes                       |                      |                      |                                    |                                  | 626,110   | -                        | 626,110              |
| Sales taxes                          |                      |                      |                                    |                                  | 967,536   | -                        | 967,536              |
| Insurance premium tax                |                      |                      |                                    |                                  | 566,238   | -                        | 566,238              |
| Franchise taxes                      |                      |                      |                                    |                                  | 139,078   | -                        | 139,078              |
| Other taxes                          |                      |                      |                                    |                                  | 32,752  | -                        | 32,752               |
| Gain on sale of capital assets       |                      |                      |                                    |                                  | 1,466,123   | -                        | 1,466,123            |
| Transfers                            |                      |                      |                                    |                                  | (1,925,223)   | 1,925,223                | -                    |
| Total general revenues and transfers |                      |                      |                                    |                                  | <u>1,872,614</u>                                    | <u>1,925,223</u>         | <u>3,797,837</u>     |
| Change in net position               |                      |                      |                                    |                                  | (1,770,653)   | 4,331,899                | 2,561,246            |
| Net position, beginning of year      |                      |                      |                                    |                                  | 14,525,269  | 15,869,294               | 30,394,563           |
| Net position, end of year            |                      |                      |                                    |                                  | <u>\$ 12,754,616</u>                                | <u>\$ 20,201,193</u>     | <u>\$ 32,955,809</u> |

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

## **FUND FINANCIAL STATEMENTS**

**CITY OF BARNESVILLE, GEORGIA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2021**

| <b>ASSETS</b>  | <b>General</b>      | <b>2017<br/>SPLOST</b> | <b>American<br/>Rescue Plan</b> | <b>Nonmajor Fund<br/>Hotel/Motel</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|--|---------------------|------------------------|---------------------------------|--------------------------------------|---|
| Cash and cash equivalents  | \$ 191,771          | \$ 1,100,312           | \$ 1,243,399                    | \$ -                                 | \$ 2,535,482                            |
| Taxes receivable, net  | 67,288              | -                      | -                               | 1,150                                | 68,438                                  |
| Accounts receivable, net   | 780,623             | -                      | -                               | -                                    | 780,623                                 |
| Due from other governments   | 88,070              | 174,223                | -                               | -                                    | 262,293                                 |
| Total assets   | <u>\$ 1,127,752</u> | <u>\$ 1,274,535</u>    | <u>\$ 1,243,399</u>             | <u>\$ 1,150</u>                      | <u>\$ 3,646,836</u>                     |
| <b>LIABILITIES, DEFERRED INFLOWS<br/>OF RESOURCES AND FUND BALANCES</b>            |                     |                        |                                 |                                      |   |
| <b>LIABILITIES</b>   |                     |                        |                                 |                                      |   |
| Accounts payable   | \$ 226,247          | \$ -                   | \$ -                            | \$ -                                 | \$ 226,247                              |
| Accrued liabilities  | 51,884              | -                      | -                               | -                                    | 51,884                                  |
| Unearned revenues  | -                   | -                      | 1,243,399                       | -                                    | 1,243,399                               |
| Due to other funds   | 2,308,954           | -                      | -                               | -                                    | 2,308,954                               |
| Total liabilities  | <u>2,587,085</u>    | <u>-</u>               | <u>1,243,399</u>                | <u>-</u>                             | <u>3,830,484</u>                        |
| <b>DEFERRED INFLOWS OF RESOURCES</b>   |                     |                        |                                 |                                      |   |
| Unavailable revenue - intergovernmental  | 132,308             | -                      | -                               | -                                    | 132,308                                 |
| Unavailable revenue - property taxes   | 63,726              | -                      | -                               | -                                    | 63,726                                  |
| Total deferred inflows of resources  | <u>196,034</u>      | <u>-</u>               | <u>-</u>                        | <u>-</u>                             | <u>196,034</u>                          |
| <b>FUND BALANCES</b>   |                     |                        |                                 |                                      |   |
| Restricted for:  |                     |                        |                                 |                                      |   |
| Economic development   | -                   | -                      | -                               | 1,150                                | 1,150                                   |
| Capital projects   | -                   | 1,274,535              | -                               | -                                    | 1,274,535                               |
| Unassigned   | (1,655,367)         | -                      | -                               | -                                    | (1,655,367)                             |
| Total fund balances (deficit)  | <u>(1,655,367)</u>  | <u>1,274,535</u>       | <u>-</u>                        | <u>1,150</u>                         | <u>(379,682)</u>                        |
| Total liabilities, deferred inflows<br>of resources and fund balances<br>(deficit) | <u>\$ 1,127,752</u> | <u>\$ 1,274,535</u>    | <u>\$ 1,243,399</u>             | <u>\$ 1,150</u>                      |   |

Amounts reported for governmental activities in the statement of net position are different because:

|   |                      |
|---|----------------------|
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.             | 13,518,105           |
| Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.            | 196,034              |
| Deferred outflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.           | -                    |
| These deferred outflows of resources consist of pension related experience differences, assumption changes and contributions.         | 358,358              |
| Net pension asset is not a financial asset in governmental fund activities and, therefore, is not reported in governmental funds.     | -                    |
| Deferred inflows of resources are not available to pay for current expenditures and, therefore, are not reported in the funds.        | -                    |
| These deferred inflows of resources consist of pension related differences between projected and actual earnings on plan investments. | (104,552)            |
| Certain liabilities are not due and payable in the current period and are, therefore, not reported in the funds.                      | (833,647)            |
| Net position of governmental activities   | <u>\$ 12,754,616</u> |

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

# CITY OF BARNESVILLE, GEORGIA

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

|  | <u>General</u>        | <u>2017<br/>SPLOST</u> | <u>American<br/>Rescue Plan</u> | <u>Nonmajor Fund<br/>Hotel/Motel</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--|-----------------------|------------------------|---------------------------------|--------------------------------------|---|
| <b>REVENUES</b>  |                       |                        |                                 |                                      |   |
| Property taxes   | \$ 667,720            | \$ -                   | \$ -                            | \$ -                                 | \$ 667,720                              |
| Sales taxes  | 967,536               | -                      | -                               | -                                    | 967,536                                 |
| Franchise taxes  | 139,078               | -                      | -                               | -                                    | 139,078                                 |
| Insurance premium taxes                                      | 566,238               | -                      | -                               | -                                    | 566,238                                 |
| Other taxes  | 18,943                | -                      | -                               | 13,809                               | 32,752                                  |
| Charges for services   | 92,532                | -                      | -                               | -                                    | 92,532                                  |
| Licenses and permits   | 305,467               | -                      | -                               | -                                    | 305,467                                 |
| Intergovernmental  | 121,794               | 976,401                | -                               | -                                    | 1,098,195                               |
| Fines and forfeitures  | 313,840               | -                      | -                               | -                                    | 313,840                                 |
| Other revenues   | 289,655               | 6,754                  | -                               | -                                    | 296,409                                 |
| Total revenues   | <u>3,482,803</u>      | <u>983,155</u>         | <u>-</u>                        | <u>13,809</u>                        | <u>4,479,767</u>                        |
| <b>EXPENDITURES</b>  |                       |                        |                                 |                                      |   |
| Current:   |                       |                        |                                 |                                      |   |
| General government   | 2,019,754             | -                      | -                               | -                                    | 2,019,754                               |
| Public safety  | 2,163,188             | -                      | -                               | -                                    | 2,163,188                               |
| Public works   | 950,302               | -                      | -                               | -                                    | 950,302                                 |
| Parks and recreation   | 185,001               | -                      | -                               | -                                    | 185,001                                 |
| Housing and economic development                             | 30,750                | -                      | -                               | 13,561                               | 44,311                                  |
| Capital outlay   | -                     | 682,142                | -                               | -                                    | 682,142                                 |
| Total expenditures   | <u>5,348,995</u>      | <u>682,142</u>         | <u>-</u>                        | <u>13,561</u>                        | <u>6,044,698</u>                        |
| Excess (deficiency) of revenues over<br>(under) expenditures | <u>(1,866,192)</u>    | <u>301,013</u>         | <u>-</u>                        | <u>248</u>                           | <u>(1,564,931)</u>                      |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                       |                        |                                 |                                      |   |
| Transfers out  | (1,457,073)           | (468,150)              | -                               | -                                    | (1,925,223)                             |
| Proceeds from the sale of capital assets                     | 1,466,123             | -                      | -                               | -                                    | 1,466,123                               |
| Total other financing sources (uses)                         | <u>9,050</u>          | <u>(468,150)</u>       | <u>-</u>                        | <u>-</u>                             | <u>(459,100)</u>                        |
| Net change in fund balances                                  | <u>(1,857,142)</u>    | <u>(167,137)</u>       | <u>-</u>                        | <u>248</u>                           | <u>(2,024,031)</u>                      |
| <b>Fund balances, beginning<br/>of year</b>                  | <u>201,775</u>        | <u>1,441,672</u>       | <u>-</u>                        | <u>902</u>                           | <u>1,644,349</u>                        |
| <b>Fund balances (deficit), end of year</b>                  | <u>\$ (1,655,367)</u> | <u>\$ 1,274,535</u>    | <u>\$ -</u>                     | <u>\$ 1,150</u>                      | <u>\$ (379,682)</u>                     |

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

**CITY OF BARNESVILLE, GEORGIA**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

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

Net change in fund balances - total governmental funds. \$ (2,024,031)

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

|                |                  |         |
|----------------|------------------|---------|
| Capital outlay | \$ 744,687       |         |
| Depreciation   | <u>(509,745)</u> | 234,942 |

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (41,610)

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.

|   |  |               |
|---|--|---------------|
| Change in net pension liability, deferred inflows and outflows of resources |  | <u>60,046</u> |
|---|--|---------------|

|   |  |                              |
|---|--|------------------------------|
| Change in net position of governmental activities |  | <u><u>\$ (1,770,653)</u></u> |
|---|--|------------------------------|

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

# CITY OF BARNESVILLE, GEORGIA

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL GENERAL FUND FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

|   | Budgeted Amounts      |                       | Actual                | Variance<br>with Final<br>Budget |
|---|-----------------------|-----------------------|-----------------------|----------------------------------|
|   | Original              | Final                 |                       |                                  |
| <b>REVENUES</b>                             |                       |                       |                       |                                  |
| Property taxes                              | \$ 685,878            | \$ 685,878            | \$ 667,720            | \$ (18,158)                      |
| Sales taxes                                 | 730,000               | 730,000               | 967,536               | 237,536                          |
| Franchise taxes                             | 124,700               | 124,700               | 139,078               | 14,378                           |
| Insurance premium taxes                     | 515,000               | 515,000               | 566,238               | 51,238                           |
| Other taxes                                 | 15,500                | 15,500                | 18,943                | 3,443                            |
| Charges for services                        | 63,550                | 63,550                | 92,532                | 28,982                           |
| Licenses and permits                        | 268,000               | 268,000               | 305,467               | 37,467                           |
| Intergovernmental                           | 56,000                | 56,000                | 121,794               | 65,794                           |
| Fines and forfeitures                       | 341,500               | 341,500               | 313,840               | (27,660)                         |
| Other revenues                              | 294,906               | 294,906               | 289,655               | (5,251)                          |
| Total revenues                              | <u>3,095,034</u>      | <u>3,095,034</u>      | <u>3,482,803</u>      | <u>387,769</u>                   |
| <b>EXPENDITURES</b>                         |                       |                       |                       |                                  |
| <b>Current</b>                              |                       |                       |                       |                                  |
| <b>General government:</b>                  |                       |                       |                       |                                  |
| Executive                                   | 129,466               | 129,466               | 120,697               | 8,769                            |
| Administrative services                     | 774,124               | 774,124               | 886,442               | (112,318)                        |
| Contract services                           | 523,700               | 523,700               | 1,012,615             | (488,915)                        |
| Total general government                    | <u>1,427,290</u>      | <u>1,427,290</u>      | <u>2,019,754</u>      | <u>(592,464)</u>                 |
| <b>Public safety:</b>                       |                       |                       |                       |                                  |
| Police                                      | 1,700,058             | 1,700,058             | 1,725,836             | (25,778)                         |
| Fire  | 409,831               | 409,831               | 437,352               | (27,521)                         |
| Total public safety                         | <u>2,109,889</u>      | <u>2,109,889</u>      | <u>2,163,188</u>      | <u>(53,299)</u>                  |
| <b>Public works:</b>                        |                       |                       |                       |                                  |
| Highways and streets                        | 650,874               | 650,874               | 905,052               | (254,178)                        |
| Cemetery                                    | 33,300                | 33,300                | 45,250                | (11,950)                         |
| Total public works                          | <u>684,174</u>        | <u>684,174</u>        | <u>950,302</u>        | <u>(266,128)</u>                 |
| <b>Culture and recreation:</b>              |                       |                       |                       |                                  |
| Recreation                                  | 34,289                | 34,289                | 1,316                 | 32,973                           |
| Civic center                                | 190,666               | 190,666               | 183,685               | 6,981                            |
| Total culture and recreation                | <u>224,955</u>        | <u>224,955</u>        | <u>185,001</u>        | <u>39,954</u>                    |
| <b>Housing and economic development:</b>    |                       |                       |                       |                                  |
| City Hall                                   | 17,500                | 17,500                | 30,750                | (13,250)                         |
| Total housing and economic development      | <u>17,500</u>         | <u>17,500</u>         | <u>30,750</u>         | <u>(13,250)</u>                  |
| Total expenditures                          | <u>4,463,808</u>      | <u>4,463,808</u>      | <u>5,348,995</u>      | <u>(885,187)</u>                 |
| Deficiency of revenues under expenditures   | <u>(1,368,774)</u>    | <u>(1,368,774)</u>    | <u>(1,866,192)</u>    | <u>(497,418)</u>                 |
| <b>OTHER FINANCING SOURCES (USES)</b>       |                       |                       |                       |                                  |
| Transfers out                               | -                     | -                     | (1,457,073)           | (1,457,073)                      |
| Proceeds from the sale of capital assets    | -                     | -                     | 1,466,123             | 1,466,123                        |
| Total other financing sources, net          | <u>-</u>              | <u>-</u>              | <u>9,050</u>          | <u>9,050</u>                     |
| Net change in fund balances                 | <u>(1,368,774)</u>    | <u>(1,368,774)</u>    | <u>(1,857,142)</u>    | <u>(488,368)</u>                 |
| <b>Fund balances, beginning of year</b>     | <u>201,775</u>        | <u>201,775</u>        | <u>201,775</u>        | <u>-</u>                         |
| <b>Fund balances (deficit), end of year</b> | <u>\$ (1,166,999)</u> | <u>\$ (1,166,999)</u> | <u>\$ (1,655,367)</u> | <u>\$ (488,368)</u>              |

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

**CITY OF BARNESVILLE, GEORGIA**

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2021**

|   | <u>Water and<br/>Sewer Fund</u> | <u>Electric<br/>Fund</u> | <u>Nonmajor Fund<br/>Solid Waste<br/>Fund</u> | <u>Total</u>         |
|---|---------------------------------|--------------------------|---|----------------------|
| <b>ASSETS</b>                                 |                                 |                          |   |                      |
| <b>CURRENT ASSETS</b>                         |                                 |                          |   |                      |
| Cash and cash equivalents                     | \$ 2,863,239                    | \$ 1,702,580             | \$ -  | \$ 4,565,819         |
| Investments                                   | -                               | 6,227,199                | -   | 6,227,199            |
| Restricted assets, cash                       | 926,219                         | 591,910                  | -   | 1,518,129            |
| Accounts receivable, net of allowances        | 1,478,919                       | 425,696                  | 43,652  | 1,948,267            |
| Due from other funds                          | 555,199                         | 2,005,985                | -   | 2,561,184            |
| Inventories                                   | 76,131                          | 219,930                  | -   | 296,061              |
| Total current assets                          | <u>5,899,707</u>                | <u>11,173,300</u>        | <u>43,652</u>                                 | <u>17,116,659</u>    |
| <b>NON-CURRENT ASSETS</b>                     |                                 |                          |   |                      |
| Capital assets:                               |                                 |                          |   |                      |
| Nondepreciable                                | 596,432                         | 949,325                  | 131,682                                       | 1,677,439            |
| Depreciable, net of accumulated depreciation  | 25,759,006                      | 156,260                  | 167,279                                       | 26,082,545           |
| Total non-current assets                      | <u>26,355,438</u>               | <u>1,105,585</u>         | <u>298,961</u>                                | <u>27,759,984</u>    |
| Total assets                                  | <u>32,255,145</u>               | <u>12,278,885</u>        | <u>342,613</u>                                | <u>44,876,643</u>    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>         |                                 |                          |   |                      |
| Pension                                       | 67,540                          | 99,674                   | 6,362   | 173,576              |
| Deferred charges on refundings                | 1,018,036                       | -                        | -   | 1,018,036            |
| Total deferred outflows of resources          | <u>1,085,576</u>                | <u>99,674</u>            | <u>6,362</u>                                  | <u>1,191,612</u>     |
| <b>LIABILITIES</b>                            |                                 |                          |   |                      |
| <b>CURRENT LIABILITIES</b>                    |                                 |                          |   |                      |
| Accounts payable                              | 12,437                          | 725,037                  | -   | 737,474              |
| Accrued liabilities                           | 50,195                          | 6,628                    | -   | 56,823               |
| Current portion - notes payable               | 294,989                         | -                        | -   | 294,989              |
| Customer deposits payable                     | 13,550                          | 222,037                  | -   | 235,587              |
| Due to other funds                            | 156,133                         | -                        | 96,097  | 252,230              |
| Payable from restricted assets:               |                                 |                          |   |                      |
| Revenue bonds payable, current portion        | 490,000                         | -                        | -   | 490,000              |
| Total current liabilities                     | <u>1,017,304</u>                | <u>953,702</u>           | <u>96,097</u>                                 | <u>2,067,103</u>     |
| <b>NON-CURRENT LIABILITIES</b>                |                                 |                          |   |                      |
| Revenue bonds payable, net of current portion | 21,110,000                      | -                        | -   | 21,110,000           |
| Notes payable, net of current portion         | 2,235,531                       | -                        | -   | 2,235,531            |
| Net pension liability                         | 157,117                         | 231,871                  | 14,800  | 403,788              |
| Total non-current liabilities                 | <u>23,502,648</u>               | <u>231,871</u>           | <u>14,800</u>                                 | <u>23,749,319</u>    |
| Total liabilities                             | <u>24,519,952</u>               | <u>1,185,573</u>         | <u>110,897</u>                                | <u>25,816,422</u>    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>          |                                 |                          |   |                      |
| Pension                                       | 19,705                          | 29,079                   | 1,856   | 50,640               |
| Total deferred inflows of resources           | <u>19,705</u>                   | <u>29,079</u>            | <u>1,856</u>                                  | <u>50,640</u>        |
| <b>NET POSITION</b>                           |                                 |                          |   |                      |
| Net investment in capital assets              | 3,242,954                       | 1,105,585                | 298,961                                       | 4,647,500            |
| Unrestricted                                  | 5,558,110                       | 10,058,322               | (62,739)                                      | 15,553,693           |
| Total net position                            | <u>\$ 8,801,064</u>             | <u>\$ 11,163,907</u>     | <u>\$ 236,222</u>                             | <u>\$ 20,201,193</u> |

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

**CITY OF BARNESVILLE, GEORGIA**

**STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

|  | <u>Water and<br/>Sewer Fund</u> | <u>Electric<br/>Fund</u> | <u>Nonmajor Fund<br/>Solid Waste<br/>Fund</u> | <u>Total</u>         |
|--|---------------------------------|--------------------------|---|----------------------|
| <b>OPERATING REVENUES</b>              |                                 |                          |   |                      |
| Charges for services                   | \$ 4,250,958                    | \$ 9,001,687             | \$ 675,995                                    | \$ 13,928,640        |
| Licenses and permits                   | -                               | 2,238                    | -   | 2,238                |
| Other services                         | 169,904                         | 580,665                  | 9,350   | 759,919              |
| Total operating revenues               | <u>4,420,862</u>                | <u>9,584,590</u>         | <u>685,345</u>                                | <u>14,690,797</u>    |
| <b>OPERATING EXPENSES</b>              |                                 |                          |   |                      |
| Personnel services                     | 593,537                         | 729,652                  | 74,912  | 1,398,101            |
| Purchased or contracted services       | 1,179,445                       | 154,991                  | 646,533                                       | 1,980,969            |
| Purchased power                        | -                               | 6,710,827                | -   | 6,710,827            |
| Supplies                               | 306,716                         | -                        | 44,857  | 351,573              |
| Miscellaneous                          | -                               | 385,149                  | -   | 385,149              |
| Landfill expenses                      | -                               | -                        | 12,734  | 12,734               |
| Depreciation                           | 867,290                         | 18,845                   | 38,655  | 924,790              |
| Total operating expenses               | <u>2,946,988</u>                | <u>7,999,464</u>         | <u>817,691</u>                                | <u>11,764,143</u>    |
| Operating income (loss)                | <u>1,473,874</u>                | <u>1,585,126</u>         | <u>(132,346)</u>                              | <u>2,926,654</u>     |
| <b>NON-OPERATING EXPENSES</b>          |                                 |                          |   |                      |
| Interest expense                       | <u>(519,978)</u>                | -                        | -   | <u>(519,978)</u>     |
| Total non-operating expenses           | <u>(519,978)</u>                | -                        | -   | <u>(519,978)</u>     |
| Income (loss) before transfers         | <u>953,896</u>                  | <u>1,585,126</u>         | <u>(132,346)</u>                              | <u>2,406,676</u>     |
| <b>TRANSFERS</b>                       |                                 |                          |   |                      |
| Transfers in                           | 468,150                         | 1,457,073                | -   | 1,925,223            |
| Total transfers                        | <u>468,150</u>                  | <u>1,457,073</u>         | -   | <u>1,925,223</u>     |
| Change in net position                 | 1,422,046                       | 3,042,199                | (132,346)                                     | 4,331,899            |
| <b>Net position, beginning of year</b> | <u>7,379,018</u>                | <u>8,121,708</u>         | <u>368,568</u>                                | <u>15,869,294</u>    |
| <b>Net position, end of year</b>       | <u>\$ 8,801,064</u>             | <u>\$ 11,163,907</u>     | <u>\$ 236,222</u>                             | <u>\$ 20,201,193</u> |

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

**CITY OF BARNESVILLE, GEORGIA**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

|   | <u>Water and<br/>Sewer Fund</u> | <u>Electric<br/>Fund</u> | <u>Nonmajor Fund<br/>Solid Waste<br/>Fund</u> | <u>Total</u>        |
|---|---------------------------------|--------------------------|---|---------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                     |                                 |                          |   |                     |
| Receipts from customers and users                               | \$ 4,284,743                    | \$ 7,773,336             | \$ 780,802                                    | \$ 12,838,881       |
| Payments to suppliers   | (1,520,751)                     | (7,154,979)              | (704,631)                                     | (9,380,361)         |
| Payments to employees   | (2,436,663)                     | (742,080)                | (76,171)                                      | (3,254,914)         |
| Net cash provided by (used in) operating activities             | <u>327,329</u>                  | <u>(123,723)</u>         | <u>-</u>                                      | <u>203,606</u>      |
| <b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>         |                                 |                          |   |                     |
| Transfers in  | <u>468,150</u>                  | <u>1,457,073</u>         | <u>-</u>                                      | <u>1,925,223</u>    |
| Net cash provided by non-capital financing activities           | <u>468,150</u>                  | <u>1,457,073</u>         | <u>-</u>                                      | <u>1,925,223</u>    |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b> |                                 |                          |   |                     |
| Acquisition and construction of capital assets                  | (824,158)                       | -                        | -   | (824,158)           |
| Principal paid on bonds   | (340,000)                       | -                        | -   | (340,000)           |
| Principal paid on notes payable                                 | (294,989)                       | -                        | -   | (294,989)           |
| Interest paid   | (510,451)                       | -                        | -   | (510,451)           |
| Net cash used in capital and related financing activities       | <u>(1,969,598)</u>              | <u>-</u>                 | <u>-</u>                                      | <u>(1,969,598)</u>  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                     |                                 |                          |   |                     |
| Purchase of investments   | -                               | (113,935)                | -   | (113,935)           |
| Net cash used in investing activities                           | <u>-</u>                        | <u>(113,935)</u>         | <u>-</u>                                      | <u>(113,935)</u>    |
| Change in cash and cash equivalents                             | <u>(1,174,119)</u>              | <u>1,219,415</u>         | <u>-</u>                                      | <u>45,296</u>       |
| Cash and cash equivalents:                                      |                                 |                          |   |                     |
| <b>Beginning of year</b>  | <u>4,963,577</u>                | <u>1,075,075</u>         | <u>-</u>                                      | <u>6,038,652</u>    |
| <b>End of year</b>  | <u>\$ 3,789,458</u>             | <u>\$ 2,294,490</u>      | <u>\$ -</u>                                   | <u>\$ 6,083,948</u> |
| <b>Classified as:</b>   |                                 |                          |   |                     |
| Cash and cash equivalents                                       | \$ 2,863,239                    | \$ 1,702,580             | \$ -  | \$ 4,565,819        |
| Restricted assets, cash   | 926,219                         | 591,910                  | -   | 1,518,129           |
|   | <u>\$ 3,789,458</u>             | <u>\$ 2,294,490</u>      | <u>\$ -</u>                                   | <u>\$ 6,083,948</u> |

(Continued)

**CITY OF BARNESVILLE, GEORGIA**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

|  | <u>Water and<br/>Sewer Fund</u> | <u>Electric<br/>Fund</u> | <u>Nonmajor Fund<br/>Solid Waste<br/>Fund</u> | <u>Total</u>      |
|--|---------------------------------|--------------------------|---|-------------------|
| <b>Reconciliation of operating income (loss) to net</b>  |                                 |                          |   |                   |
| <b>cash provided by (used in) operating activities:</b>  |                                 |                          |   |                   |
| Operating income (loss)  | \$ 1,473,874                    | \$ 1,585,126             | \$ (132,346)                                  | \$ 2,926,654      |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: |                                 |                          |   |                   |
| Depreciation   | 867,290                         | 18,845                   | 38,655  | 924,790           |
| (Increase) decrease in assets:   |                                 |                          |   |                   |
| Accounts receivable  | (116,130)                       | (42,186)                 | (640)   | (158,956)         |
| Inventories  | (6,721)                         | (5,688)                  | -   | (12,409)          |
| Due from other funds   | (176,122)                       | (1,756,508)              | -   | (1,932,630)       |
| Deferred outflows of resources - pension   | 10,673                          | 32,541                   | 2,431   | 45,645            |
| Increase (decrease) in liabilities:  |                                 |                          |   |                   |
| Accounts payable   | (25,813)                        | 104,680                  | -   | 78,867            |
| Accrued liabilities  | (2,056)                         | (3,004)                  | (507)   | (5,567)           |
| Customer deposits  | -                               | (12,560)                 | -   | (12,560)          |
| Net pension liability  | (11,073)                        | (52,445)                 | (4,109)                                       | (67,627)          |
| Due to other funds   | 156,133                         | -                        | 96,097  | 252,230           |
| Due to component units   | -                               | -                        | -   | -                 |
| Deferred inflows of resources - deferred charge on refunding   | (1,849,652)                     | -                        | -   | (1,849,652)       |
| Deferred inflows of resources - pension  | 6,926                           | 7,476                    | 419   | 14,821            |
| Net cash provided by (used in) operating activities  | <u>\$ 327,329</u>               | <u>\$ (123,723)</u>      | <u>\$ -</u>                                   | <u>\$ 203,606</u> |

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

## **NOTES TO FINANCIAL STATEMENTS**

**CITY OF BARNESVILLE, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

The City, which was founded in 1852, has a population of 6,300 living within an area of 6.2 square miles. The City is a Georgia municipal corporation and operates under a charter adopted April 1995 and is a City Manager/Mayor and Council form of government. The City provides the following services as authorized by its charter: public safety (police and fire), highways and streets, sanitation, culture and recreation, education, public improvements, planning and zoning, water, sewer and electric services and general administrative services.

In conformity with generally accepted accounting principles, as set forth in the Statement of GASB No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*, the component units' financial statements have been included as either blended or discretely presented. As of September 30, 2021, the City does not have any component units.

**B. Government-wide and Fund Financial Statements**

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

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

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

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

The City reports the following major governmental funds:

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

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

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

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The City reports the following major proprietary funds:

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

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

Additionally, the City reports the following nonmajor funds:

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

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

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

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

#### D. Cash and Deposits

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

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

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

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### E. Receivables and Payables

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

#### F. Inventories

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

#### G. Prepaid Expenditures/Expenses

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

#### H. Restricted Assets

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

#### I. Capital Assets

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

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### I. Capital Assets (Continued)

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

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

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

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

#### J. Compensated Absences

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

#### K. Long-Term Obligations

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

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### L. Deferred Outflows/Inflows of Resources

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

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

#### M. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as “fund balance”. Fund equity for all other reporting is classified as “net position”.

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

- **Nonspendable** – Fund balances are reported as nonspendable when amounts cannot be spent because they are either: a) not in spendable form (i.e., items that are not expected to be converted to cash), or b) legally or contractually required to be maintained intact.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### M. Fund Equity (Continued)

##### *Fund Balance (Continued) –*

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

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

- Committed
- Assigned
- Unassigned

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

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

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### N. Use of Estimates

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

#### O. Pension

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

### NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

#### A. Budgetary Data

The City adopts an annual operating budget for the general fund and each special revenue fund. A project budget is adopted for the 2017 SPLOST Fund. The budget resolution reflects the total of each department's appropriation in each fund. An annual operating budget for the American Rescue Plan Fund will be prepared once the funds are expected to be expended.

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

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

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

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

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**B. Excess Expenditures Over Appropriations**

| Department                       | Excess     |
|----------------------------------|------------|
| General Fund:                    |            |
| General government               |            |
| Administrative services          | \$ 112,318 |
| Contract services                | 488,915    |
| Public safety                    |            |
| Police                           | 25,778     |
| Fire                             | 27,521     |
| Public works                     |            |
| Highways and streets             | 254,178    |
| Cemetery                         | 11,950     |
| Housing and economic development |            |
| City Hall                        | 13,250     |

These over expenditures were funded with greater than anticipated revenues.

**C. Deficit Fund Balance**

For the year ended September 30, 2021, the General Fund had a deficit fund balance of \$1,656,367.

**NOTE 3. DEPOSITS AND INVESTMENTS**

Total deposits and investments as of September 30, 2021 are summarized as follows:

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

|  |               |
|--|---------------|
| Cash and cash equivalents                      | \$ 7,101,301  |
| Investments                                    | 6,227,199     |
| Restricted cash and cash equivalents           | 1,518,129     |
| Total  | \$ 14,846,629 |
|  |               |
| Cash deposited with financial institutions     | \$ 7,693,211  |
| Cash deposited with Georgia Fund 1             | 926,219       |
| Investments in the Municipal Competitive Trust | 6,227,199     |
| Total  | \$ 14,846,629 |

## NOTES TO FINANCIAL STATEMENTS

### NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

**Credit Risk.** State statutes authorize the City to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime bankers' acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. As of September 30, 2021, the City's investment in Georgia Fund 1 was rated AA Af by Standard & Poor's. The City's investment in the Municipal Competitive Trust was not rated.

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

At September 30, 2021, the City had the following investments:

| <u>Investment</u>           | <u>Rating</u> | <u>Fair Value</u>   | <u>Investment Maturity (Years) Less than 1</u> |
|-----------------------------|---------------|---------------------|--|
| Georgia Fund 1              | AA Af         | \$ 926,219          | \$ 926,219                                     |
| Municipal Competitive Trust | N/A           | 6,227,199           | 6,227,199                                      |
|                             |               | <u>\$ 7,153,418</u> | <u>\$ 7,153,418</u>                            |

**Fair Value Measurements.** The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The City has the following recurring fair value investments as of September 30, 2021:

| <u>Investment</u>                            | <u>Level 1</u>      | <u>Level 2</u> | <u>Level 3</u> | <u>Fair Value</u>   |
|--|---------------------|----------------|----------------|---------------------|
| Municipal Competitive Trust                  | \$ 6,227,199        | \$ -           | \$ -           | \$ 6,227,199        |
|  | <u>\$ 6,227,199</u> | <u>\$ -</u>    | <u>\$ -</u>    | 6,227,199           |
| Investments not subject to level disclosure: |                     |                |                |                     |
| Georgia Fund 1                               |                     |                |                | <u>926,219</u>      |
|  |                     |                |                | <u>\$ 7,153,418</u> |

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

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

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

**Custodial Credit Risk – Deposits.** Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of September 30, 2021, all of the deposits for the City were fully collateralized in accordance with the state statutes.

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

## NOTES TO FINANCIAL STATEMENTS

### NOTE 4. RECEIVABLES

#### A. Accounts Receivable

Receivables at September 30, 2021 for the City's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

|                                   | <u>General</u>    | <u>2017 SPLOST<br/>Fund</u> | <u>Nonmajor<br/>Hote/Motel<br/>Tax Fund</u> | <u>Water and<br/>Sewer Fund</u> |
|-----------------------------------|-------------------|-----------------------------|---|---------------------------------|
| Receivables:                      |                   |                             |   |                                 |
| Taxes                             | \$ 67,288         | \$ -                        | \$ 1,150                                    | \$ -                            |
| Accounts                          | 780,623           | -                           | -   | 1,998,940                       |
| Due from other governments        | 88,070            | 174,223                     | -   | -                               |
| Gross receivables                 | <u>935,981</u>    | <u>174,223</u>              | <u>1,150</u>                                | <u>1,998,940</u>                |
| Less allowance for uncollectibles | -                 | -                           | -   | 520,021                         |
| Net total receivables             | <u>\$ 935,981</u> | <u>\$ 174,223</u>           | <u>\$ 1,150</u>                             | <u>\$ 1,478,919</u>             |

|                                   | <u>Electric<br/>Fund</u> | <u>Nonmajor<br/>Solid Waste<br/>Fund</u> | <u>Total</u>        |
|-----------------------------------|--------------------------|--|---------------------|
| Receivables:                      |                          |  |                     |
| Taxes                             | \$ -                     | \$ -                                     | \$ 68,438           |
| Accounts                          | 1,148,932                | 171,797                                  | 4,100,292           |
| Due from other governments        | -                        | -  | 262,293             |
| Gross receivables                 | <u>1,148,932</u>         | <u>171,797</u>                           | <u>4,431,023</u>    |
| Less allowance for uncollectibles | 723,236                  | 128,145                                  | 1,371,402           |
| Net total receivables             | <u>\$ 425,696</u>        | <u>\$ 43,652</u>                         | <u>\$ 3,059,621</u> |

#### B. Property Taxes

Normally, property tax levies are set by the City Council in September of each year for collection in the following fiscal year beginning September 1. Lamar County spreads all levies over assessable property. Taxes are levied annually by the City and for the year ended September 30, 2021, the levy occurred on October 21, 2020. Real and personal property taxes were due on December 31, 2020.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2021 is as follows:

|  | Beginning<br>Balance | Increases           | Decreases          | Transfers   | Ending<br>Balance    |
|--|----------------------|---------------------|--------------------|-------------|----------------------|
| <b>Governmental activities</b>               |                      |                     |                    |             |                      |
| Capital assets, not being depreciated:       |                      |                     |                    |             |                      |
| Land   | \$ 1,227,050         | \$ -                | \$ -               | \$ -        | \$ 1,227,050         |
| Total  | <u>1,227,050</u>     | <u>-</u>            | <u>-</u>           | <u>-</u>    | <u>1,227,050</u>     |
| Capital assets, being depreciated:           |                      |                     |                    |             |                      |
| Buildings and plant                          | 21,574,212           | 636,160             | (9,238,300)        | -           | 12,972,072           |
| Machinery and equipment                      | 267,320              | 13,205              | -                  | 71,490      | 352,015              |
| Vehicles                                     | 873,685              | 95,322              | (65,462)           | (71,490)    | 832,055              |
| Infrastructure                               | 8,208,500            | -                   | -                  | -           | 8,208,500            |
| Total  | <u>30,923,717</u>    | <u>744,687</u>      | <u>(9,303,762)</u> | <u>-</u>    | <u>22,364,642</u>    |
| Less accumulated depreciation for:           |                      |                     |                    |             |                      |
| Buildings and improvements                   | (15,044,284)         | (244,569)           | 9,238,300          | -           | (6,050,553)          |
| Machinery and equipment                      | (224,047)            | (13,081)            | -                  | -           | (237,128)            |
| Vehicles                                     | (726,759)            | (24,081)            | 65,462             | -           | (685,378)            |
| Infrastructure                               | (2,872,514)          | (228,014)           | -                  | -           | (3,100,528)          |
| Total  | <u>(18,867,604)</u>  | <u>(509,745)</u>    | <u>9,303,762</u>   | <u>-</u>    | <u>(10,073,587)</u>  |
| Total assets, being depreciated, net         | <u>12,056,113</u>    | <u>234,942</u>      | <u>-</u>           | <u>-</u>    | <u>12,291,055</u>    |
| Governmental activities capital assets, net  | <u>\$ 13,283,163</u> | <u>\$ 234,942</u>   | <u>\$ -</u>        | <u>\$ -</u> | <u>\$ 13,518,105</u> |
| <br>   |                      |                     |                    |             |                      |
|  | Beginning<br>Balance | Increases           | Decreases          | Transfers   | Ending<br>Balance    |
| <b>Business-type activities</b>              |                      |                     |                    |             |                      |
| Capital assets, not being depreciated:       |                      |                     |                    |             |                      |
| Land   | \$ 1,677,439         | \$ -                | \$ -               | \$ -        | \$ 1,677,439         |
| Total  | <u>1,677,439</u>     | <u>-</u>            | <u>-</u>           | <u>-</u>    | <u>1,677,439</u>     |
| Capital assets, being depreciated:           |                      |                     |                    |             |                      |
| Buildings and plant                          | 27,705,716           | 260,700             | -                  | -           | 27,966,416           |
| Machinery and equipment                      | 323,465              | -                   | -                  | -           | 323,465              |
| Vehicles                                     | 513,656              | 405,223             | (12,275)           | -           | 906,604              |
| Infrastructure                               | 19,558,057           | 158,235             | -                  | -           | 19,716,292           |
| Total  | <u>48,100,894</u>    | <u>824,158</u>      | <u>(12,275)</u>    | <u>-</u>    | <u>48,912,777</u>    |
| Less accumulated depreciation for:           |                      |                     |                    |             |                      |
| Buildings and plant                          | (16,587,740)         | (393,425)           | -                  | -           | (16,981,165)         |
| Machinery and equipment                      | (256,891)            | (7,396)             | -                  | -           | (264,287)            |
| Vehicles                                     | (405,761)            | (35,017)            | 12,275             | -           | (428,503)            |
| Infrastructure                               | (4,667,325)          | (488,952)           | -                  | -           | (5,156,277)          |
| Total  | <u>(21,917,717)</u>  | <u>(924,790)</u>    | <u>12,275</u>      | <u>-</u>    | <u>(22,830,232)</u>  |
| Total assets, being depreciated, net         | <u>26,183,177</u>    | <u>(100,632)</u>    | <u>-</u>           | <u>-</u>    | <u>26,082,545</u>    |
| Business-type activities capital assets, net | <u>\$ 27,860,616</u> | <u>\$ (100,632)</u> | <u>\$ -</u>        | <u>\$ -</u> | <u>\$ 27,759,984</u> |

## NOTES TO FINANCIAL STATEMENTS

### NOTE 5. CAPITAL ASSETS (CONTINUED)

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

|   |                   |
|---|-------------------|
| <b>Governmental activities:</b>                       |                   |
| General government                                    | \$ 18,515         |
| Public safety   | 39,712            |
| Public works  | 263,391           |
| Culture and recreation                                | 188,127           |
| Total depreciation expense - governmental activities  | <u>\$ 509,745</u> |
| <b>Business-type activities:</b>                      |                   |
| Water and sewer                                       | \$ 867,290        |
| Electric  | 18,845            |
| Solid waste   | 38,655            |
| Total depreciation expense - business-type activities | <u>\$ 924,790</u> |

### NOTE 6. LONG-TERM DEBT

Long-term liability activity for the year ended September 30, 2021 was as follows:

|   | <u>Beginning<br/>Balance</u> | <u>Additions</u>  | <u>Reductions</u>   | <u>Ending<br/>Balance</u> | <u>Due Within<br/>One Year</u> |
|---|------------------------------|-------------------|---------------------|---------------------------|--------------------------------|
| <b>Governmental activities:</b>                   |                              |                   |                     |                           |                                |
| Net pension liability                             | \$ 1,047,366                 | \$ 608,825        | \$ (822,544)        | \$ 833,647                | \$ -                           |
| Governmental activities<br>Long-term liabilities  | <u>\$ 1,047,366</u>          | <u>\$ 608,825</u> | <u>\$ (822,544)</u> | <u>\$ 833,647</u>         | <u>\$ -</u>                    |
| <b>Business-type activities:</b>                  |                              |                   |                     |                           |                                |
| Notes payable                                     | \$ 2,825,509                 | \$ -              | \$ (294,989)        | \$ 2,530,520              | \$ 294,989                     |
| Revenue bonds payable                             | 21,940,000                   | -                 | (340,000)           | 21,600,000                | 490,000                        |
| Net pension liability                             | 471,415                      | 294,879           | (362,506)           | 403,788                   | -                              |
| Business-type activities<br>Long-term liabilities | <u>\$ 25,236,924</u>         | <u>\$ 294,879</u> | <u>\$ (997,495)</u> | <u>\$ 24,534,308</u>      | <u>\$ 784,989</u>              |

For governmental activities, the net pension liability is liquidated by the General Fund. For business-type activities, the net pension liability is liquidated by the enterprise funds.

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 6. LONG-TERM DEBT (CONTINUED)**

**A. Notes payable**

Notes payable outstanding for business-type activities for the City as of September 30, 2021 are as follows:

| <u>Description</u> | <u>Original Amount</u> | <u>Interest Rate</u> | <u>Due Date</u> | <u>Amount</u>       |
|--------------------|------------------------|----------------------|-----------------|---------------------|
| GEFA Loan DW08003  | \$ 2,433,874           | 0%                   | 2033            | \$ 1,490,748        |
| GEFA Loan DW99001  | 3,465,911              | 0%                   | 2027            | 1,039,772           |
|                    |                        |                      |                 | <u>\$ 2,530,520</u> |

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

| <u>Year Ending<br/>September 30,</u> | <u>Principal</u>    | <u>Interest</u> |
|--------------------------------------|---------------------|-----------------|
| 2022                                 | \$ 294,989          | \$ -            |
| 2023                                 | 294,989             | -               |
| 2024                                 | 294,989             | -               |
| 2025                                 | 294,989             | -               |
| 2026                                 | 294,989             | -               |
| 2027 – 2031                          | 781,763             | -               |
| 2032 – 2034                          | 273,812             | -               |
| Total                                | <u>\$ 2,530,520</u> | <u>\$ -</u>     |

**B. Revenue bonds payable**

Revenue bonds payable outstanding for business-type activities for the City as of September 30, 2020 are as follows:

| <u>Description</u> | <u>Original Amount</u> | <u>Interest Rate</u> | <u>Due Date</u> | <u>Amount</u>        |
|--------------------|------------------------|----------------------|-----------------|----------------------|
| Series 2020A       | \$ 18,585,000          | 0.501% to 2.533%     | 2046            | \$ 18,325,000        |
| Series 2020B       | 3,355,000              | 0.501% to 2.533%     | 2046            | 3,275,000            |
|                    |                        |                      |                 | <u>\$ 21,600,000</u> |

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 6. LONG-TERM DEBT (CONTINUED)

#### B. Revenue bonds payable (Continued)

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

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. LONG-TERM DEBT (CONTINUED)

#### B. Revenue bonds payable (Continued)

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

| Year Ending<br>September 30, | Principal     | Interest     |
|------------------------------|---------------|--------------|
| 2022                         | \$ 490,000    | \$ 547,926   |
| 2023                         | 495,000       | 544,981      |
| 2024                         | 500,000       | 541,298      |
| 2025                         | 505,000       | 536,438      |
| 2026                         | 505,000       | 530,772      |
| 2027 – 2031                  | 3,380,000     | 2,515,175    |
| 2032 – 2036                  | 4,435,000     | 2,102,378    |
| 2037 – 2041                  | 5,220,000     | 1,443,539    |
| 2042 – 2046                  | 6,070,000     | 590,233      |
| Total                        | \$ 21,600,000 | \$ 9,352,740 |

### NOTE 7. DEFINED BENEFIT PENSION PLAN

#### A. Plan Description

The City of Barnesville Retirement Plan (the “Plan”) is administered through the Georgia Municipal Employee Benefit System (“GMEBS”), an agent multiple-employer pension plan administered by the Georgia Municipal Association. The Plan provides retirement and disability benefits and death benefits to plan members and beneficiaries. Benefits are provided by the Plan. The City Council, in its role as the Plan sponsor, has the governing authority to establish and amend from time to time, the benefits provided and the contribution rates of the City and its employees. The Georgia Municipal Association issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS. That report may be obtained at [www.gmanet.com](http://www.gmanet.com), by writing to Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street, NW, Atlanta, Georgia 30303, or by calling (404) 688-0472.

#### B. Plan Membership

As of January 1, 2021, pension plan membership consisted of the following:

|  |     |
|--|-----|
| Retirees, beneficiaries, and the disabled receiving benefits       | 55  |
| Terminated plan members entitled to but not yet receiving benefits | 9   |
| Active plan members  | 56  |
|  | 120 |

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

#### C. Contributions

The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The Board of Trustees of GMEBS has adopted a recommended actuarial funding policy for the Plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the Plan. The funding policy for the Plan, as adopted by the City Council, is to contribute an amount equal to or greater than the actuarially recommended contribution rate. This rate is based on the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of plan members, as determined by the City Council. City contributions to the Plan were \$270,762 for the fiscal year ended September 30, 2021.

#### D. Net Pension Liability of the City

The City's net pension liability was measured as of September 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020, with update procedures performed by the actuary to roll forward to the total pension liability measured as of September 30, 2020.

*Actuarial Assumptions.* The total pension liability in the January 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were based on the gender-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25%. The actuarial assumptions used in the January 1, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2015 – June 30, 2019.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

#### D. Net Pension Liability of the City (Continued)

*Actuarial Assumptions (Continued).* The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of March 31, 2020, are summarized in the following table:

| Asset Class           | Target Allocation | Long-term<br>expected real<br>rate of return* |
|-----------------------|-------------------|---|
| Domestic equity       | 45 %              | 6.40 %  |
| International equity  | 20 %              | 7.05 %  |
| Domestic fixed income | 20 %              | 1.15 %  |
| Real estate           | 10 %              | 4.50 %  |
| Global fixed income   | 5 %               | 1.25 %  |
| Cash                  | -                 |   |
| Total                 | 100 %             |   |

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

#### E. Discount Rate

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

## NOTES TO FINANCIAL STATEMENTS

### NOTE 7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

#### F. Changes in the Net Pension Liability of the City

The changes in the components of the net pension liability of the City for the fiscal year ended September 30, 2021 were as follows:

|   | <b>Total Pension<br/>Liability<br/>(a)</b> | <b>Plan Fiduciary<br/>Net Position<br/>(b)</b> | <b>Net Pension<br/>Liability<br/>(a) - (b)</b> |
|---|--|--|--|
| <b>Beginning Balance</b>                                      | \$ 10,903,886                              | \$ 9,385,105                                   | \$ 1,518,781                                   |
| <b>Changes for the year:</b>                                  |  |  |  |
| Service cost  | 96,402                                     | -  | 96,402   |
| Interest  | 787,966                                    | -  | 787,966  |
| Differences between expected and actual experience            | (60,937)                                   | -  | (60,937)                                       |
| Contributions - employer                                      | -  | 241,038  | (241,038)                                      |
| Net investment income   | -  | 883,075  | (883,075)                                      |
| Benefit payments, including refunds of employee contributions | (632,020)                                  | (632,020)                                      | -  |
| Administrative expense  | -  | (19,336)                                       | 19,336   |
| <b>Net changes</b>  | <u>191,411</u>                             | <u>472,757</u>                                 | <u>(281,346)</u>                               |
| <b>Ending Balance</b>   | <u>\$ 11,095,297</u>                       | <u>\$ 9,857,862</u>                            | <u>\$ 1,237,435</u>                            |

The required schedule of changes in the City's net pension liability and related ratios immediately following the notes to the financial statements presents multi-year trend information about whether the value of plan assets is increasing or decreasing over time relative to the total pension liability.

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

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

|                              | <b>1% Decrease<br/>(6.375%)</b> | <b>Current<br/>Discount Rate<br/>(7.375%)</b> | <b>1% Increase<br/>(8.375%)</b> |
|------------------------------|---------------------------------|---|---------------------------------|
| City's net pension liability | <u>\$ 2,458,659</u>             | <u>\$ 1,237,435</u>                           | <u>\$ 205,205</u>               |

## NOTES TO FINANCIAL STATEMENTS

### NOTE 7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of September 30, 2020, and the current sharing pattern of costs between employer and employee.

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

For the year ended September 30, 2021, the City recognized pension expense of \$203,556. At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> |
|---|---|--|
| Differences between expected and actual experience                                  | \$ 132,446                                    | \$ (45,702)                                  |
| Changes in assumptions  | 128,726                                       | -  |
| Net difference between projected and actual earnings<br>on pension plan investments | -   | (109,490)                                    |
| City contributions subsequent to the measurement date                               | 270,762                                       | -  |
| Total   | \$ 531,934                                    | \$ (155,192)                                 |

City contributions subsequent to the measurement date of \$270,762 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending September 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <b>Year Ending<br/>September 30,</b> |  |    |          |
|--------------------------------------|--|----|----------|
| 2022                                 |  | \$ | 12,276   |
| 2023                                 |  |    | 104,990  |
| 2024                                 |  |    | 29,925   |
| 2025                                 |  |    | (41,211) |
| Total                                |  | \$ | 105,980  |

## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 8. RISK MANAGEMENT**

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

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

### **NOTE 9. JOINT VENTURE**

Under Georgia law, the City, in conjunction with other cities and counties in the five-county central Georgia area, is a member of the McIntosh Trail Regional Development and is required to pay annual dues thereto. During its fiscal year ended September 30, 2021, the City paid \$6,700 in such dues. Membership in a Regional Commission is required by the Official Code of Georgia Annotated (“O.C.G.A.”) §50-8-34, which provides for the organizational structure of the Regional Commission in Georgia. The Regional Commission Board membership includes the chief elected official of each county and municipality of the area. O.C.G.A. §50-8-39.1 provides that the member governments are liable for any debts or obligations of a Regional Commission. Separate financial statements may be obtained from the McIntosh Trail Regional Development, Hill Street, Griffin, Georgia 30223

### **NOTE 10. COMMITMENTS AND CONTINGENCIES**

#### **A. Litigation**

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

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 10. COMMITMENTS AND CONTINGENCIES (CONTINUED)

#### B. Grant Contingencies

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

#### C. Agreements with the Municipal Electric Authority of Georgia

The Municipal Electric Authority of Georgia (“MEAG”) is a public corporation and an instrumentality of the State of Georgia created to supply electricity to local government electric distribution systems. As provided by state law, MEAG establishes rates and charges so as to produce revenues sufficient to cover its costs, including debt service, but it may not operate any of its projects for profit unless any such profits inure to the benefit of the public. As of September 30, 2021, the City is an electric utility participant in MEAG and obligated to purchase all of its bulk power supply requirements from MEAG for a period not to exceed 50 years. The City has agreed to purchase all of its future power and energy requirements in excess of that received by the City through the Southeastern Power Administration at prices intended to cover the operating costs of the systems and to retire any debt incurred by the Authority. In the event that revenues are insufficient to cover all costs and retire the outstanding debt, each participating City has guaranteed a portion of the unpaid debt based on its individual entitlement shares of the output and services of generating units acquired or constructed by MEAG. In addition, in the event of discontinued service to a participant in default, the City would be obligated to purchase additional power subject to contractual limitations. Payments to MEAG are made monthly based on kWh usage. The total payments under these contracts amounted to \$6,710,827 in 2021.

At September 30, 2021, the outstanding debt of MEAG was approximately \$7.57 billion. The City's guarantee varies by individual projects undertaken by MEAG and totals approximately \$60,542,115 at September 30, 2021.

### NOTE 11. HOTEL/MOTEL LODGING TAX

The City was in compliance with the provisions of O.C.G.A. §48-13-51 which require the City to meet the expenditures requirement for the levying and collecting of hotel/motel tax. The amount of funds expended as provided within the Code Section 36-81-7 during the fiscal year is \$13,809. The City has a contractual agreement with the Barnesville-Lamar County Chamber of Commerce to remit 40% of the hotel/motel tax collections. The City remitted \$5,524 in hotel/motel tax collections during the fiscal year to the Barnesville-Lamar County Chamber of Commerce. The Barnesville-Lamar County Chamber of Commerce provides the City with annual financial statements as verification of the expenditure of the hotel/motel collections.

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 12. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

The composition of interfund balances as of September 30, 2021 is as follows:

| <u>Investment</u>                            | <u>Level 1</u>      | <u>Level 2</u> | <u>Level 3</u> | <u>Fair Value</u>   |
|--|---------------------|----------------|----------------|---------------------|
| Municipal Competitive Trust                  | \$ 6,227,199        | \$ -           | \$ -           | \$ 6,227,199        |
|  | <u>\$ 6,227,199</u> | <u>\$ -</u>    | <u>\$ -</u>    | 6,227,199           |
| Investments not subject to level disclosure: |                     |                |                |                     |
| Georgia Fund 1                               |                     |                |                | <u>926,219</u>      |
|  |                     |                |                | <u>\$ 7,153,418</u> |

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

Interfund transfers:

| <u>Transfers In</u>  | <u>Transfers out</u> |                         | <u>Total</u>        |
|----------------------|----------------------|-------------------------|---------------------|
|                      | <u>General Fund</u>  | <u>2017 SPLOST Fund</u> |                     |
| Electric Fund        | \$ 1,457,073         | \$ -                    | \$ 1,457,073        |
| Water and Sewer Fund | -                    | 468,150                 | 468,150             |
| Total                | <u>\$ 1,457,073</u>  | <u>\$ 468,150</u>       | <u>\$ 1,925,223</u> |

Transfers are used to: 1) move revenues from the fund that the statute or budget requires to collect them to the fund that the statute or budget requires to expend them, 2) use unrestricted revenues collected in the Electric Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and 3) fund SPLOST approved projects.

**REQUIRED SUPPLEMENTARY INFORMATION**

# CITY OF BARNESVILLE, GEORGIA

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

|   | <u>2021</u>         | <u>2020</u>         | <u>2019</u>         | <u>2018</u>         |
|---|---------------------|---------------------|---------------------|---------------------|
| <b>Total pension liability</b>  |                     |                     |                     |                     |
| Service cost  | \$ 96,402           | \$ 89,815           | \$ 88,788           | \$ 98,515           |
| Interest on total pension liability   | 787,966             | 750,487             | 728,210             | 717,234             |
| Differences between expected<br>and actual experience                                 | (60,937)            | 218,332             | 93,119              | 247,374             |
| Changes of assumptions  | -                   | 257,450             | -                   | (187,124)           |
| Benefit payments, including<br>refunds of member contributions                        | (632,020)           | (657,755)           | (570,477)           | (449,422)           |
| <b>Net change in total pension liability</b>  | <u>191,411</u>      | <u>658,329</u>      | <u>339,640</u>      | <u>426,577</u>      |
| <b>Total pension liability - beginning</b>  | <u>10,903,886</u>   | <u>10,245,557</u>   | <u>9,905,917</u>    | <u>9,479,340</u>    |
| <b>Total pension liability - ending (a)</b>   | <u>11,095,297</u>   | <u>10,903,886</u>   | <u>10,245,557</u>   | <u>9,905,917</u>    |
| <b>Plan fiduciary net position</b>  |                     |                     |                     |                     |
| Contributions - employer  | 241,038             | 249,981             | 273,222             | 226,428             |
| Net investment income   | 883,075             | 267,928             | 880,983             | 1,192,873           |
| Benefit payments, including<br>refunds of member contributions                        | (632,020)           | (657,755)           | (570,477)           | (449,422)           |
| Administrative expenses   | (19,336)            | (18,659)            | (19,566)            | (20,720)            |
| <b>Net change in plan fiduciary net position</b>                                      | <u>472,757</u>      | <u>(158,505)</u>    | <u>564,162</u>      | <u>949,159</u>      |
| <b>Plan fiduciary net position - beginning</b>  | <u>9,385,105</u>    | <u>9,543,610</u>    | <u>8,979,448</u>    | <u>8,030,289</u>    |
| <b>Plan fiduciary net position - ending (b)</b>                                       | <u>9,857,862</u>    | <u>9,385,105</u>    | <u>9,543,610</u>    | <u>8,979,448</u>    |
| <b>City's net pension liability - ending (a) - (b)</b>                                | <u>\$ 1,237,435</u> | <u>\$ 1,518,781</u> | <u>\$ 701,947</u>   | <u>\$ 926,469</u>   |
| <b>Plan fiduciary net position as a<br/>percentage of the total pension liability</b> | <b>88.8%</b>        | <b>86.1%</b>        | <b>93.1%</b>        | <b>90.6%</b>        |
| <b>Covered payroll</b>  | <b>\$ 3,133,420</b> | <b>\$ 2,891,083</b> | <b>\$ 2,668,684</b> | <b>\$ 2,758,383</b> |
| <b>Net pension liability as a percentage of<br/>covered payroll</b>                   | <b>39.5%</b>        | <b>52.5%</b>        | <b>26.3%</b>        | <b>33.6%</b>        |

|    | 2017             | 2016                |
|----|------------------|---------------------|
| \$ | 89,881           | \$ 100,023          |
|    | 693,648          | 644,765             |
|    | (40,150)         | 312,639             |
|    | -                | -                   |
|    | <u>(428,669)</u> | <u>(424,679)</u>    |
|    | 314,710          | 632,748             |
|    | <u>9,164,630</u> | <u>8,531,882</u>    |
|    | <u>9,479,340</u> | <u>9,164,630</u>    |
|    | 223,688          | 216,720             |
|    | 819,553          | 94,168              |
|    | (428,669)        | (424,679)           |
|    | <u>(11,523)</u>  | <u>(13,426)</u>     |
|    | 603,049          | (127,217)           |
|    | <u>7,427,240</u> | <u>7,554,457</u>    |
|    | <u>8,030,289</u> | <u>7,427,240</u>    |
| \$ | <u>1,449,051</u> | <u>\$ 1,737,390</u> |
|    | 84.7%            | 81.0%               |
| \$ | 2,755,710        | \$ 2,619,051        |
|    | 52.6%            | 66.3%               |

# CITY OF BARNESVILLE, GEORGIA

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

|  | 2021         | 2020         | 2019         | 2018         |
|--|--------------|--------------|--------------|--------------|
| Actuarially determined contribution                                  | \$ 270,762   | \$ 241,037   | \$ 249,980   | \$ 252,638   |
| Contributions in relation to the actuarially determined contribution | 270,762      | 241,037      | 249,980      | 252,638      |
| Contribution deficiency (excess)                                     | \$ -         | \$ -         | \$ -         | \$ -         |
| Covered payroll  | \$ 3,026,535 | \$ 3,133,420 | \$ 2,891,083 | \$ 2,668,684 |
| Contributions as a percentage of covered payroll                     | 8.9%         | 7.7%         | 8.6%         | 9.5%         |

**Notes to the Schedule:**

|                                  |   |
|----------------------------------|---|
| Valuation Date                   | January 1, 2021   |
| Cost Method                      | Projected Unit Credit   |
| Actuarial Asset Valuation Method | Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amounts that the value exceeds or is less than the market value at the end of the year. The actuarial value is adjusted, if necessary, to be within 20% of market value. |
| Assumed Rate of Return           |   |
| On Investments                   | 7.375%  |
| Projected Salary Increases       | 2.25%, plus service based merit increases   |
| Cost-of-living Adjustment        | 2.25%   |
| Amortization Method              | Closed level dollar for unfunded liability  |
| Remaining Amortization Period    | Varies for the bases, with a net effective amortization period of 10 years  |

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

| <u>2017</u>    |           | <u>2016</u>    |           |
|----------------|-----------|----------------|-----------|
| \$             | 247,012   | \$             | 214,434   |
| <u>247,012</u> |           | <u>214,434</u> |           |
| \$             | -         | \$             | -         |
| \$             | 2,758,383 | \$             | 2,755,710 |
|                | 9.0%      |                | 7.8%      |

## **SUPPLEMENTARY INFORMATION**

**CITY OF BARNESVILLE, GEORGIA**

**SCHEDULE OF EXPENDITURES OF  
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS  
2017 ISSUE  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

| <b>Project Description</b>  | <b>Original<br/>Estimated<br/>Cost</b> | <b>Revised<br/>Estimated<br/>Cost</b> | <b>Expenditures</b>    |                         |                     |
|---|--|---------------------------------------|------------------------|-------------------------|---------------------|
|   |  |                                       | <b>Prior<br/>Years</b> | <b>Current<br/>Year</b> | <b>Total</b>        |
| Improvements to water<br>and sewer system   | \$ 1,649,235                           | \$ 1,649,235                          | \$ 112,052             | \$ 564,372              | \$ 676,424          |
| Paving, resurfacing and<br>construction of roads<br>(Including drainage and<br>sidewalks) | 550,000                                | 550,000                               | 154,575                | 99,679                  | 254,254             |
| Equipment   | 700,000                                | 700,000                               | 251,500                | 101,767                 | 353,267             |
| Construction and renovation<br>of public facilities                                       | <u>660,000</u>                         | <u>660,000</u>                        | <u>108,839</u>         | <u>376,474</u>          | <u>485,313</u>      |
|   | <u>\$ 3,559,235</u>                    | <u>\$ 3,559,235</u>                   | <u>\$ 626,966</u>      | <u>\$ 1,142,292</u>     | <u>\$ 1,769,258</u> |

Reconciliation of 2020 SPLOST schedule to financial statements:

|   |                     |
|---|---------------------|
| Total of 2020 SPLOST schedule of expenditures | <u>\$ 1,142,292</u> |
| Expenditures - 2020 SPLOST Fund               | \$ 682,142          |
| Transfers out - 2020 SPLOST Fund              | <u>468,150</u>      |
|   | <u>\$ 1,150,292</u> |

## **COMPLIANCE SECTION**



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Barnesville, Georgia (the "City"), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated September 30, 2022.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2021-001 through 2021-002 that we consider to be material weaknesses.

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**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**City of Barnesville, Georgia's Response to Findings**

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

**Purpose of this Report**

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



Macon, Georgia  
September 30, 2022

**CITY OF BARNESVILLE, GEORGIA**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

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**SECTION I**  
**SUMMARY OF AUDIT RESULTS**

**Financial Statements**

|  |  |
|--|--|
| Type of auditor's report issued  | Unmodified   |
| Internal control over financial reporting:<br>Material weaknesses identified?    | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No            |
| Significant deficiencies identified not considered<br>to be material weaknesses? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> None Reported |
| Noncompliance material to financial statements noted?                            | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No            |

**Federal Awards**

There was not an audit of major federal award programs as of September 30, 2021 due to the total amount expended being less than \$750,000.

**CITY OF BARNESVILLE, GEORGIA**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

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**SECTION II**  
**FINANCIAL STATEMENT FINDINGS AND RESPONSES**

**2021-001 – General Accounting Matters/Close-Out Procedures (Repeat Finding)**

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

**Condition:** During our audit, we noted accounting, reporting and reconciling not being properly performed and reviewed consistently during the fiscal year which required a significant effort to close the City's 2021 fiscal year. Significant adjustments were determined and required to be recorded in the months that followed September 30, 2021. Specifically, we noted a lack of timely and accurate financial and non-financial information needed:

- to properly maintain the accounts payable on a periodic basis throughout the year;
- to accurately maintain and record the City's capital assets; and
- to close-out and report activities, events and transactions on a periodic basis.

We believe it is important to note that we observed a genuine interest by the City's accounting personnel in their desire to learn and assume greater responsibilities for the City's accounting and financial reporting and noticed great improvement throughout the audit.

**Context:** We addressed the matter with the City officials who were able to provide all respective details and reconciliations as of and for the year ended September 30, 2021.

**Effects:** The ultimate effect of the above condition is the potential for errors and irregularities to occur and not be detected and corrected in a timely manner.

**Cause:** There was a lack of appropriate controls implemented at the City during the fiscal year to properly maintain financial and non-financial information and to properly close out the year-end.

**CITY OF BARNESVILLE, GEORGIA**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

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**SECTION II**  
**FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)**

**2021-001 – General Accounting Matters/Close-Out Procedures (Repeat Finding) (Continued)**

**Recommendation:** We recommend the City consider a variety of options in addressing the above condition. The City needs to continue evaluating its strengths and weaknesses relative to the accounting function, and take appropriate measures to address the concerns noted above with a goal of providing timely recording, reconciling and reporting of City operations and financial and non-financial activities. We also recommend the City seek the expertise of a software technician to come in and diagnose the issues with the City's accounting software related to the accounts receivable and capital assets to improve the overall audit. We have noted the City has begun implementing a number of processes/procedures to improve the overall accounting function during the audit fieldwork.

**Views of Responsible Officials and Planned Corrective Action:** We concur with the finding. We will continue to review and improve policies and procedures in an effort to eliminate error and identify deficiencies from both operational and financial perspectives.

**2021-002 – Management of Interfund Transactions**

**Criteria:** Generally accepted accounting principles require consideration of the collectability of receivables of all kinds, whether external or internal to the City. In addition, internal controls should be in place to provide reasonable assurance that interfund transactions are properly recorded.

**Condition:** We noted the City did not recognize interfund balances and transactions properly within the operations of the City resulting in trial balances that did not balance.

**Context:** We addressed the matter with the City and determined that several significant adjustments needed to be performed in order for the trial balances to be usable for audit functions.

**Effects:** The effect of the above condition resulted in a number of significant adjustments to interfund balances after year-end. This took a significant amount of time to produce functioning trial balances.

**Cause:** There was a lack of appropriate controls implemented at the City during the fiscal year to record all of the necessary interfund activity.

**Recommendation:** We recommend the City carefully review all interfund accounts to ensure transactions are reported in accordance with GAAP.

**Views of Responsible Officials and Planned Corrective Action:** We concur with the finding. We will continue to review and improve policies and procedures in an effort to eliminate error and identify deficiencies from both operational and financial perspectives.

**CITY OF BARNESVILLE, GEORGIA**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

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**SECTION III**  
**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

Not applicable.

# CITY OF BARNESVILLE, GEORGIA

## SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

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### STATUS OF PRIOR YEAR AUDIT FINDINGS

#### **2020-001 – General Accounting Matters/Close-Out Procedures**

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

**Condition:** During our audit, we noted accounting, reporting and reconciling not being properly performed and reviewed consistently during the fiscal year which required a significant effort to close the City's 2020 fiscal year. Significant adjustments were determined and required to be recorded in the months that followed September 30, 2020. Specifically, we noted a lack of timely and accurate financial and non-financial information needed.

**Status:** Unresolved – See finding 2021-001.

#### **2020-002 – Restatement – Proper Recognition of Cash in the Water and Sewer Fund and the Electric Fund**

**Criteria:** Internal controls should be in place to ensure that all bank accounts belonging to the City are identified and recorded for financial reporting. Additionally, internal controls should be in place to ensure that all cash and investment receipts and disbursements are recorded in the proper account in the proper period.

**Condition:** During the prior year, the City did not properly record cash balances for both the Water and Sewer Fund and the Electric Fund.

**Status:** Resolved.

#### **2020-003 – Restatement – Proper Recognition of MEAG Investments in the Electric Fund**

**Criteria:** GAAP requires investments to be reported at fair value.

**Condition:** During the prior year, we noted the City did not properly recognize all of the City's MEAG investments.

**Status:** Resolved.

# CITY OF BARNESVILLE, GEORGIA

## SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

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### STATUS OF PRIOR YEAR AUDIT FINDINGS (CONTINUED)

#### **2020-004 – Restatement – Proper Recognition of Capital Assets**

**Criteria:** Internal controls should be in place to ensure amounts reported for capital assets and related items are appropriate and properly valued and recorded in accordance with GAAP.

**Condition:** During the prior year, the City did not properly record general capital assets at the government-wide level and the business-type capital assets at the government-wide level and at the fund level (Water and Sewer Fund, Electric Fund, and Solid Waste Fund).

**Status:** Resolved.

#### **2020-005 – Restatement – Proper Recognition of Funds (Industrial Development Transactions)**

**Criteria:** Generally accepted accounting principles states business-type activities are financed in whole or in part by fees charged to external parties for goods or services. These funds are usually reported in enterprise funds.

**Condition:** During the prior year, the City did not properly recognize the Industrial Development transactions and account balances. The Industrial Development does not charge fees to external parties for goods or services. As such, this fund does not meet the criteria for being an enterprise fund.

**Status:** Resolved.

#### **2020-006 – Restatement – Proper Recognition of Accrued Payroll**

**Criteria:** Generally accepted accounting principles require reporting of all current liabilities whose liquidation is expected to require the use of current assets when the goods have been received or services have been performed.

**Condition:** During the prior year, the City did not properly record accrued payroll at the fund level and the government-wide level for the primary government.

**Status:** Resolved.

# CITY OF BARNESVILLE, GEORGIA

## SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

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### STATUS OF PRIOR YEAR AUDIT FINDINGS (CONTINUED)

#### **2020-007 – Restatement – Proper Recognition of Net Pension Liability, Deferred Inflows of Resources and Deferred Outflows of Resources**

**Criteria:** The net pension liability for a defined benefit pension plan should be calculated by taking the actuarial determined total pension liability (“TPL”) and reducing the TPL by the pension plan’s fiduciary net position, to arrive at the net pension liability (“NPL”).

**Condition:** During the prior year, the City did not properly record the net pension liability, deferred inflows of resources, deferred outflows of resources and net position at both the fund level (Water and Sewer Fund, Electric Fund, and the Solid Waste Fund) and the government-wide level (business-type activities).

**Status:** Resolved.

#### **2020-008 – Restatement – Proper Recognition of Receivables, Due from Other Governments and Related Accounts for Governmental Funds**

**Criteria:** GAAP requires revenues to be recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Revenue recognition in governmental funds must be deferred until the resources are considered to be available to finance expenditures of the fiscal period. Resources are considered to be available only if collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

**Condition:** During the prior year, the City did not properly record receivables and related accounts across various funds.

**Status:** Resolved.

#### **2020-009 – Restatement – Proper Recognition of the Receivables and Related Accounts for Enterprise Funds**

**Criteria:** Internal controls should be in place to ensure that amounts reported as revenues and related balance sheet accounts are appropriate, properly valued, and recorded in the proper period in accordance with generally accepted accounting principles.

**Condition:** During the prior year, the City did not properly record accounts receivable, net at the fund level (Water and Sewer Fund, Electric Fund, and Solid Waste Fund) and the government-wide level (business-type activities).

**Status:** Resolved.

# CITY OF BARNESVILLE, GEORGIA

## SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

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### STATUS OF PRIOR YEAR AUDIT FINDINGS (CONTINUED)

#### **2020-010 – Restatement – Proper Recognition of Customer Deposits Payable**

**Criteria:** Generally accepted accounting principles require timely reporting of all current liabilities when goods have been received or services have been performed, regardless of the timing of the related cash flows.

**Condition:** During the prior year, the City did not properly record customer deposits payable for the Electric Fund.

**Status:** Resolved.