

OFFICIAL STATEMENT DATED NOVEMBER 9, 2020

NEW ISSUE—BOOK ENTRY ONLY

S&P UNDERLYING RATINGS: “A/Stable”
S&P INSURED RATINGS: “AA/Stable”
(See “RATINGS” herein)

In the opinion of Bond Counsel, under current law and subject to the limitations and conditions described herein, interest on the Bonds (i) will be included in gross income for federal income tax purposes, and (ii) will be exempt from present State of Georgia income taxation. See “TAX MATTERS” herein.

City of Barnesville, Georgia

\$18,585,000
Water and Sewerage Revenue Refunding Bonds
Taxable Series 2020A
(the “Series 2020A Bonds”)

\$3,355,000
Water and Sewerage Revenue Refunding Bonds
Taxable Series 2020B
(the “Series 2020B Bonds”)

Dated: Date of Issuance

Principal Due: September 1, as shown on the inside cover

The City of Barnesville, Georgia (the “City”) will issue the Bonds (as defined herein) in fully registered form in denominations of \$5,000 each or any integral multiple thereof. The principal of the Bonds will be payable upon presentation and surrender on the date fixed for maturity at the designated corporate trust office of U.S. Bank National Association, Nashville, Tennessee, as Paying Agent. Interest shall be payable by first class mail at the address shown on the registration books kept by U.S. Bank National Association, Nashville, Tennessee, as Bond Registrar, on each March 1 and September 1, commencing March 1, 2021 (each, an “Interest Payment Date”), to the registered owner of such Bond at the close of business on the fifteenth day of the calendar month next preceding each such Interest Payment Date. Certain of the Bonds are subject to optional redemption and scheduled mandatory redemption prior to maturity. See “THE BONDS – Redemption Provisions” herein.

The Series 2020A Bonds are being issued to provide funds to, together with other moneys 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, which are currently outstanding in the aggregate principal amount of \$19,105,000; (ii) pay a portion of the cost of a municipal bond insurance policy (the “Insurance Policy”) and a debt service reserve insurance policy (“Reserve Policy”) for the Bonds, each to be issued by Assured Guaranty Municipal Corp. (“AGM” or the “Bond Insurer”) concurrently with the delivery of 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 moneys 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, which are currently outstanding in the aggregate principal amount of \$3,450,000; (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 Bonds are payable solely from the net revenues of the System and funds pledged to the payment thereof, as described herein. Under certain terms and conditions described herein, the City may issue additional revenue bonds ranking on a parity as to the lien on the net revenues of the System with that of the Bonds. See “PLAN OF REFUNDING” and “SOURCES AND USES OF FUNDS” herein.

The Bonds 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. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” herein.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under the Insurance Policy. For a description of the Policy and the Bond Insurer, see “BOND INSURANCE” herein. For a form of the Insurance Policy, see “APPENDIX F - SPECIMEN MUNICIPAL BOND INSURANCE POLICY.”



The Bonds will be registered initially in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York, as securities depository for the book-entry system of registration for the Bonds. Purchases of Bonds may be made only in book-entry form in any Authorized Denomination. Purchasers of the Bonds will not receive certificates representing their interests in Bonds so purchased. See “THE BONDS – General Description” and “– DTC and Book-Entry System of Registration.” Payments of interest on the Bonds will be made as described in accordance with the procedures of DTC for so long as the Bonds are registered in the book-entry system of DTC. It is expected that the Bonds in definitive form will be available for delivery through DTC in New York, New York, on or about November 17, 2020.

The Bonds will be offered when, as and if issued by the City, subject to validation by the Superior Court of Lamar County, Georgia, and the unqualified approving legal opinion of Alston & Bird LLP, Atlanta, Georgia, Bond Counsel. Certain legal matters are subject to the approval for the City by its counsel, Haygood, Lynch, Harris, Melton & Watson, LLP, Forsyth, Georgia. Alston & Bird LLP, Atlanta, Georgia is serving as Disclosure Counsel to the City.

STEPHENS INC.

Official Statement dated: November 9, 2020

MATURITY SCHEDULE

City of Barnesville, Georgia

\$18,585,000

**Water and Sewerage Revenue Refunding Bonds
Taxable Series 2020A**

<u>Maturity (September 1)</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP 067869</u>	<u>Maturity (September 1)</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP 067869</u>
2021	\$260,000	0.501%	0.501%	FL6	2029	\$600,000	1.883%	1.883%	FU6
2022	385,000	0.601	0.601	FM4	2030	605,000	2.033	2.033	FV4
2023	390,000	0.744	0.744	FN2	2031	620,000	2.133	2.133	FW2
2024	395,000	0.972	0.972	FP7	2032	635,000	2.233	2.233	FX0
2025	395,000	1.122	1.122	FQ5	2033	750,000	2.333	2.333	FY8
2026	400,000	1.399	1.399	FR3	2034	785,000	2.433	2.433	FZ5
2027	405,000	1.499	1.499	FS1	2035	805,000	2.533	2.533	GA9
2028	585,000	1.783	1.783	FT9					

\$2,550,000 Term Bond due September 1, 2038, Interest Rate 2.925%; Yield 2.925%; CUSIP 067869GB7

\$2,780,000 Term Bond due September 1, 2041, Interest Rate 3.025%; Yield 3.025%; CUSIP 067869GC5

\$5,240,000 Term Bond due September 1, 2046, Interest Rate 3.175%; Yield 3.175%; CUSIP 067869GD3

\$3,355,000

**Water and Sewerage Revenue Refunding Bonds
Taxable Series 2020B**

<u>Maturity (September 1)</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP 067869</u>	<u>Maturity (September 1)</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP 067869</u>
2021	\$ 80,000	0.501%	0.501%	GE1	2029	\$110,000	1.883%	1.883%	GN1
2022	105,000	0.601	0.601	GF8	2030	115,000	2.033	2.033	GP6
2023	105,000	0.744	0.744	GG6	2031	120,000	2.133	2.133	GQ4
2024	105,000	0.972	0.972	GH4	2032	120,000	2.233	2.233	GR2
2025	110,000	1.122	1.122	GJ0	2033	125,000	2.333	2.333	GS0
2026	105,000	1.399	1.399	GK7	2034	125,000	2.433	2.433	GT8
2027	110,000	1.499	1.499	GL5	2035	130,000	2.533	2.533	GU5
2028	110,000	1.783	1.783	GM3					

\$410,000 Term Bond due September 1, 2038, Interest Rate 2.925%; Yield 2.925%; CUSIP 067869GV3

\$440,000 Term Bond due September 1, 2041, Interest Rate 3.025%; Yield 3.025%; CUSIP 067869GW1

\$830,000 Term Bond due September 1, 2046, Interest Rate 3.175%; Yield 3.175%; CUSIP 067869GX9

**CITY OF BARNESVILLE, GEORGIA
CITY COUNCIL**

Peter L. Banks, Mayor
Larry B. Whitworth, Mayor Pro Tem, Councilmember, Ward 4
William Claxton, Councilmember, Ward 1
Christopher Hightower, Councilmember, Ward 2
Sammie D. Shropshire, Councilmember, Ward 3
Cecil "Butch" McDaniel, Councilmember, Ward 5

CITY MANAGER

David K. Rose

CITY ATTORNEY

Robert Melton, Esq.
Haygood, Lynch, Harris, Melton & Watson, LLP
Forsyth, Georgia

MUNICIPAL ADVISOR

Crews & Associates, Inc.
Atlanta, Georgia

BOND COUNSEL AND DISCLOSURE COUNSEL

Alston & Bird LLP
Atlanta, Georgia

BOND INSURER

Assured Guaranty Municipal Corp.
New York, New York

UNDERWRITER

Stephens Inc.
Atlanta, Georgia

This Official Statement is in a form deemed final by the City for the purpose of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended, except for certain information permitted to be omitted under Rule 15c2-12(b)(1).

By awarding the Bonds to any underwriter or underwriting syndicate submitting a Bid therefor, the City agrees that, no more than seven business days after the date of such award, it shall provide without cost to the senior managing underwriter of the syndicate to which the Bonds are awarded copies of the Final Official Statement in the amount specified in the each Notice of Sale.

No dealer, broker, salesman or other person has been authorized by the City to give any information or to make any representations, other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the City and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Underwriter. The delivery of this Official Statement at any time does not imply that any information herein is correct as of any time subsequent to its date.

The Bonds will not be registered under the Security Act of 1933, as amended, or under any state securities laws. Neither the Bonds nor the herein defined Bond Ordinance has been registered or qualified with the Securities and Exchange Commission by reason of the provisions of Section 3(a)(2) of the Securities Act of 1933, as amended, and Section 304(a)(4) of the Trust Indenture Act of 1939, as amended. The registration or qualification of the Bonds and such Bond Ordinance in accordance with applicable provisions of securities laws of the States in which the Bonds and such Bond Ordinance have been registered or qualified, and the exemption from registration or qualification in other states, shall not be regarded as a recommendation thereof.

In making an investment decision, investors must rely on their own examination of the City and the terms of the offering, including the merits and risks involved. These securities have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offense.

All quotations from summaries and explanations of laws and documents do not purport to be complete, and reference is made to such laws and documents for full and complete statements of their provisions. Any statements made in this Official Statement involving estimates or matters of opinion, whether or not expressly so stated, are intended merely as estimates or opinions and not as representations of fact. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the Bonds shall under any circumstances create any implication that there has been no change in the affairs of the City since the date hereof.

Any CUSIP numbers for the Bonds included in the Final Official Statement are provided for convenience of the owners and prospective investors. The CUSIP numbers for the Bonds are assigned by an organization unaffiliated with the City. The City is not responsible for the selection of the CUSIP numbers and makes no representation as to the accuracy thereof as printed on the Bonds or as set forth in the Final Official Statement. No assurance can be given by the Issuer that the CUSIP numbers for the Bonds will remain the same after the delivery of the Final Official Statement or the date of issuance and delivery of the Bonds.

Assured Guaranty Municipal Corp. ("AGM") makes no representation regarding the Series 2020 Bonds or the advisability of investing in the Series 2020 Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "BOND INSURANCE," and "APPENDIX F – SPECIMEN MUNICIPAL BOND INSURANCE POLICY."

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OFFICIAL STATEMENT

CITY OF BARNESVILLE, GEORGIA

\$18,585,000

WATER AND SEWERAGE REVENUE REFUNDING BONDS, TAXABLE SERIES 2020A

\$3,355,000

WATER AND SEWERAGE REVENUE REFUNDING BONDS, TAXABLE SERIES 2020B

Introduction

The purpose of this Official Statement, which includes the cover page and the Appendices, is to furnish certain information concerning the City of Barnesville, Georgia (the “City”), its combined water and sewerage system as it now exists and as it may hereafter be added to, extended or improved (the “System”), and the proposed issuance by the City of \$18,585,000 in aggregate principal amount of its Water and Sewerage Revenue Refunding Bonds, Taxable Series 2020A (the “Series 2020A Bonds”), and \$3,355,000 in aggregate principal amount of its Water and Sewerage Revenue Refunding Bonds, Taxable Series 2020B (the “Series 2020B Bonds” and, together with the Series 2020A Bonds, the “Bonds”).

Inquiries may be directed to Mr. David K. Rose, City Manager, 109 Forsyth Street, Barnesville, Georgia 30204, by telephoning (770) 358-0181 or by e-mailing david.rose@cityofbarnesville.com. Inquiries may also be made to Crews & Associates, Inc., 260 Peachtree Street NW, Atlanta, Georgia 30303, by telephoning (404) 419-2704, or by e-mailing tking@crewsfs.com. If information of a specific legal nature is desired, requests may be directed to Mr. Peter Floyd, Partner, Bond Counsel, Alston & Bird LLP, 1201 West Peachtree Street, Atlanta, Georgia 30309-3424, by telephoning (404) 881-4510, or by e-mailing peter.floyd@alston.com.

The City

For certain demographic, economic, and other information relating to the City, see “APPENDIX A – BARNESVILLE GENERAL INFORMATION.”

Legal Authority

The Bonds are to be issued pursuant to the Constitution of the State of Georgia, the Revenue Bond Law of the State of Georgia (O.C.G.A. Sections 36-82-60, *et seq.*), as amended, and the terms of a Bond Ordinance adopted by the City on September 30, 2020, as amended and restated on October 29, 2020 (the “Bond Ordinance”).

Purpose of the Bonds

The Series 2020A Bonds are being issued to provide funds to (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 (the “Series 2011A Bonds”), which are currently outstanding in the aggregate principal amount of \$19,105,000; (ii) pay a portion of the cost of a municipal bond insurance policy (the “Insurance Policy”) and a debt service reserve insurance policy (“Reserve Policy”) for the Bonds, each to be issued by Assured Guaranty Municipal Corp. (“AGM” or the “Bond Insurer”) concurrently with the delivery of 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 (i) advance refund the City’s \$3,830,000 in aggregate principal amount of Water and Sewerage Revenue Improvement Bonds, Tax-Exempt Series 2011C (the “Series 2011C Bonds and, together with the Series 2011A Bonds, the “Refunded Bonds”), which are currently outstanding in the aggregate principal amount of \$3,450,000; (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. See “PLAN OF REFUNDING” and “SOURCES AND USES OF FUNDS” herein.

Security and Sources of Payment for the Bonds

The Bonds are special obligations of the City and will be secured by and payable solely from a first lien on the Net Revenues of the System. The Bonds will represent all bonded indebtedness payable from a first lien on the Net Revenues of the System; however, the City may issue Additional Bonds upon meeting certain conditions in the Bond Ordinance as more fully described herein. Neither the full faith and credit nor the taxing power of the City is pledged to the payment of the Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” and “APPENDIX B — SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE – Definitions” herein.

Tax Status

In the opinion of Bond Counsel, under existing law, interest on the Bonds will be included in gross income for regular federal income tax purposes. Interest on the Bonds will be exempt from certain taxation in the State of Georgia. See “APPENDIX E” for the form of the opinion Bond Counsel proposes to deliver in connection with the issuance of the Bonds. For more complete discussion of such opinion and certain other tax consequences of owning the Bonds, see “TAX MATTERS” herein.

Opinion of Counsel. Certain legal matters incidental to authorization and issuance of the Bonds are subject to the approving legal opinion of Alston & Bird LLP, Atlanta, Georgia, Bond Counsel. It is anticipated that the approving opinion of Alston & Bird LLP will be in substantially the form included in “APPENDIX E” attached hereto. The payment of legal fees is contingent upon the issuance of the Bonds.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys or law firms rendering the opinion as to the legal issues explicitly addressed therein. By rendering a legal opinion, the attorney or law firm does not become an insurer or guarantor of the transaction opined upon, or of the future performance of parties to such transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

Other Information

This Official Statement provides information only as of the date indicated on the cover. Such information is subject to change after such date.

This Official Statement and any subsequent disclosure documents of the City shall be made available through the office of the City Manager, City of Barnesville, 109 Forsyth Street, Barnesville, Georgia 30204, telephone number 770-358-0181.

Copies of the Bond Ordinance are available upon request and payment of the cost of such copying and handling by writing or calling the office of the City Manager, City of Barnesville, 109 Forsyth Street, Barnesville, Georgia 30204, telephone number 770-358-0181.

All undefined, capitalized terms used herein shall have the meanings ascribed to such terms in the Bond Ordinance unless the context requires otherwise. See “APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE.”

This Introduction is not a summary of this Official Statement and is intended only for quick reference. It is only a brief description of and guide to, and is qualified in its entirety by reference to, more complete and detailed information contained in the entire Official Statement, including the cover page and the appendices, and the documents summarized and described herein. Investors should fully review the entire Official Statement. All references in this Official Statement to, or summaries of, the hereinafter defined Bond Ordinance or any other document or official act are qualified in their entirety by the definitive form thereof and the provisions with respect thereto included in the Bond Ordinance. The offering of the Bonds to potential investors is made only by means of the entire Official Statement, including the appendices hereto. No person is authorized to detach this Introduction from the Official Statement or otherwise to use it without the entire Official Statement.

CONTINUING DISCLOSURE

The City has covenanted for the benefit of the owners of the Bonds in a Continuing Disclosure Certificate (the “Disclosure Certificate”) to provide (i) certain financial information and operating data relating to the City (the “Operating and Financial Data”) annually and (ii) notices of the occurrence of certain events (the “Events Notices”), to the Municipal Securities Rulemaking Board (the “MSRB”), through the MSRB’s Electronic Municipal Market Access (“EMMA”) website, currently located at <http://emma.msrb.org>. The City’s Disclosure Certificate, which describes the City’s undertaking to provide the Operating and Financial Data and the Events Notices, is provided in “APPENDIX D – FORM OF CONTINUING DISCLOSURE CERTIFICATE.” The covenants have been made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12 (the “Rule”). The City executed a disclosure certificate in connection with the Refunded Bonds (the “Prior Undertaking”).

On August 19, 2016, S&P Global Ratings downgraded the City’s underlying rating related to the Refunded Bonds from “AA-” to “A.” The City failed to file a material event notice for this rating change until April 16, 2018.

THE BONDS

General

The Bonds will be issued in fully registered form in denominations of \$5,000 or any integral multiple thereof. The Bonds are dated the date of issuance thereof, and will mature on the dates set forth on the inside cover page of this Official Statement. The Bonds will be registered initially in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York, as securities depository for the book-entry system of registration for the Bonds. Purchasers of Bonds may be made initially only in book-entry form in any Authorized Denomination. Purchasers of Bonds will not receive certificates representing their interests in Bonds so purchased. See “DTC and Book-Entry System of Registration” in this section. The principal of the Bonds is payable to the registered holders thereof upon presentation and surrender of the Bonds at the designated office of U.S. Bank National Association, Nashville, Tennessee, as paying agent (the “Paying Agent”).

Method of Payment

Interest on the Bonds is payable semiannually on each March 1 and September 1 (each an “Interest Payment Date”), commencing March 1, 2021, by check or draft mailed by first class mail to the registered owners at the address shown on the registration books kept by the hereinafter described Bond Registrar on the 15th day of the month next preceding each Interest Payment Date (the “Record Date”); *provided, however*, that interest on the Bonds, for so long as such Bonds are registered in the book-entry system of DTC, shall be paid by wire transfer in accordance with the requirements of DTC. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

Redemption Provisions

Optional Redemption. The Bonds having stated maturities on or after September 1, 2031, may be redeemed prior to their respective maturities at the option of the City, either in whole or in part on any date, in such order of maturity as shall be selected and specified by the City, not earlier than September 1, 2030 from any moneys available for such purpose as provided in the Bond Ordinance at a redemption price of the par amount of the Bonds to be redeemed plus accrued interest to the date fixed for redemption. If less than all of the Bonds of any maturity are to be redeemed, the actual Bonds of such maturity to be redeemed shall be selected by lot or in such manner as may be designated by the City. The Bonds are subject to redemption only in principal amount of \$5,000 or any integral multiple thereof.

Mandatory Sinking Fund Redemption. The Series 2020A Bonds maturing on September 1 in the years 2038, 2041, and 2046 are subject to scheduled mandatory sinking fund redemption prior to maturity in part (the actual Series 2020A Bonds to be redeemed to be selected by lot in such manner as the Bond Registrar may determine) on September 1 in the years and in the amounts set forth below, at a redemption price equal to the principal amount being redeemed, plus accrued interest to the sinking fund redemption date:

Series 2020A Bonds Maturing September 1, 2038

<u>Year</u>	<u>Principal Amount</u>
2036	\$825,000
2037	850,000
2038 (maturity)	875,000

Series 2020A Bonds Maturing September 1, 2041

<u>Year</u>	<u>Principal Amount</u>
2039	\$900,000
2040	925,000
2041 (maturity)	955,000

Series 2020A Bonds Maturing September 1, 2046

<u>Year</u>	<u>Principal Amount</u>
2042	\$ 985,000
2043	1,015,000
2044	1,045,000
2045	1,080,000
2046 (maturity)	1,115,000

The Series 2020B Bonds maturing on September 1 in the years 2038, 2041, and 2046 are subject to scheduled mandatory sinking fund redemption prior to maturity in part (the actual Series 2020B Bonds to be redeemed to be selected by lot in such manner as the Bond Registrar may determine) on September 1 in the years and in the amounts set forth below, at a redemption price equal to the principal amount being redeemed, plus accrued interest to the sinking fund redemption date:

Series 2020B Bonds Maturing September 1, 2038

<u>Year</u>	<u>Principal Amount</u>
2036	\$135,000
2037	135,000
2038 (maturity)	140,000

Series 2020B Bonds Maturing September 1, 2041

<u>Year</u>	<u>Principal Amount</u>
2039	\$140,000
2040	145,000
2041 (maturity)	155,000

Series 2020B Bonds Maturing September 1, 2046

<u>Year</u>	<u>Principal Amount</u>
2042	\$155,000
2043	160,000
2044	165,000
2045	175,000
2046 (maturity)	175,000

Notice of Redemption. Unless waived by any owner of Bonds to be redeemed, official notice of any redemption shall be given by the Bond Registrar on behalf of the City by mailing a copy of an official redemption notice by first-class mail at least thirty (30) days and not more than sixty (60) days prior to the date fixed for redemption to the registered owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such registered owner to the Bond Registrar. The failure of the Bond Registrar to give any such notice or the failure of the owner of the Bond to receive any such notice as so given shall not affect the validity of the proceedings for redemption of any other Bond.

Prior to any redemption date, the City shall deposit with the Paying Agent an amount of money sufficient to pay the redemption price of all of the Bonds or portions of the Bonds which are to be redeemed on that date. Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the municipality shall default to the payment of the redemption price) such Bonds or portions of such Bonds shall cease to bear interest, and the owner of said Bond shall not be entitled to any rights under the Bond Ordinance except the right to receive payment, and said Bond or portion thereof shall not be considered to be outstanding.

Registration of Transfer and Exchange of Bonds

The Bonds shall be registered as to the payment of principal and interest on registration books kept by U.S. Bank National Association, Nashville, Tennessee, as bond registrar (the “Bond Registrar”). The Bond Registrar will also serve as authenticating agent (the “Authenticating Agent”) for the purpose of authenticating any Bonds issued or surrendered for registration of exchange or transfer or in replacement for Bonds previously issued.

The Bonds may be transferred only on the bond register of the Bond Registrar with respect to the Bonds. No transfer of any Bond shall be permitted except upon registration and surrender of such Bond at the designated corporate trust office of the Bond Registrar in Nashville, Tennessee, with a written assignment signed by the registered owner of such Bond in person or by a duly authorized attorney, in such form and with a guaranty of signature, satisfactory to the Bond Registrar. The City, its agents and the Bond Registrar may deem and treat the registered owner of any Bonds as the absolute owner of such Bond for the purpose of receiving payment of the principal thereof, the redemption premium, if any, and the interest thereon.

Upon surrender for registration of transfer of any Bond at the designated corporate trust office of the Bond Registrar, the City is required to execute and the Authenticating Agent will authenticate and deliver to the transferee or transferees a new Bond or Bonds for a like aggregate principal amount and maturity. Bonds may be exchanged at said office of the Bond Registrar for a like aggregate principal amount of Bonds of authorized denominations and of like interest rate and maturity. Every Bond presented or surrendered for registration of transfer or exchange shall (if so required by the City or the Bond Registrar) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the City and the Bond Registrar duly executed by the owner thereof or his attorney duly authorized in writing. No charge will be made to any Bondholder for the privilege of registration of transfer or exchange, but any Bondholder requesting any such registration of transfer or exchange is required to pay any tax or other governmental charge required to be paid with respect thereto. The Bond Registrar is not required (i) to issue, register the transfer of or exchange any Bond during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of Bonds selected for redemption and ending at the close of business on

the date of such mailing or (ii) to register the transfer of or exchange of any Bond so selected for redemption in whole or in part.

In case any Bond shall become mutilated or be destroyed or lost, the Bond Registrar in its discretion and at the expense of the holder of such Bond cause to be executed and delivered a new Bond of like type, date, number and tenor in exchange and substitution for and upon cancellation of such mutilated Bond, or in lieu of and in substitution for such Bond destroyed or lost, upon the holder paying the reasonable expenses and charges of the City in connection therewith and, in the case of a Bond destroyed or lost, his filing with the City and the Bond Registrar of evidence satisfactory to them that such Bond was destroyed or lost, and of his ownership thereof, and furnishing the City and the Bond Registrar with indemnity satisfactory to them. If any such Bond shall have matured, instead of issuing a new Bond, the City may pay or cause to be paid the same.

DTC and Book-Entry System of Registration

The information under this caption concerning DTC and DTC's book entry system has been obtained from DTC and, accordingly, no representation is made by the City, the Paying Agent or the Underwriter as to the completeness or accuracy of such information, or as to the absence of changes in such information subsequent to the date hereof.

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of each series of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or its agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or its agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to City or its agent. Under such circumstances, in the event that a successor depository is not obtained, certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

PLAN OF REFUNDING

Simultaneously with the issuance of the Bonds, the City will cause a portion of the proceeds of the Series 2020A Bonds and the Series 2020B Bonds to be deposited into a special fund (the "Escrow Fund") created under the

terms of the bond ordinance of the City with respect to the Refunded Bonds (the “Prior Ordinance”) which will terminate and be rescinded upon the defeasance of the Refunded Bonds, and an Escrow Deposit Agreement, dated as of November 1, 2020 (the “Escrow Deposit Agreement”), between the City and U.S. Bank National Association, as Escrow Agent (the “Escrow Agent”), providing for the terms of the refunding and defeasance of the Refunded Bonds as discussed herein. Said sums will be invested by the Escrow Agent in certain direct non-callable United States of America Government Securities (the “Escrow Obligations”) or held as cash in the Escrow Fund, all as set forth in the Escrow Deposit Agreement. The Escrow Obligations, if any, shall mature and bear interest at such times and in such amounts as shall be sufficient to:

- (i) pay the principal of and interest on the Series 2011A Bonds maturing to and including September 1, 2021;
- (ii) redeem in full the September 1, 2022 through 2046 maturities of the Series 2011A Bonds on September 1, 2021 at 100% of the outstanding principal thereof, plus interest accrued thereon to such redemption date;
- (iii) pay the principal of and interest on the Series 2011C Bonds maturing to and including September 1, 2021; and
- (iv) redeem in full the September 1, 2022 through 2046 maturities of the Series 2011C Bonds on September 1, 2021 at 100% of the outstanding principal thereof, plus interest accrued thereon to such redemption date.

Moneys available from time to time in the Escrow Fund shall be held in trust and used by Escrow Agent to pay such principal and interest and redemption price with respect to the Refunded Bonds, and will not be available for the payment of debt service on the Bonds.

The Refunded Bonds are being refunded and defeased to effect certain debt service savings to the City. Pursuant to the Escrow Deposit Agreement, the City has given the Escrow Agent irrevocable instructions to call the Refunded Bonds as described above. The holders of the Bonds do not have a lien upon or security in any of the moneys in the Escrow Fund.

In the opinion of the Bond Counsel, upon the execution and delivery of the Escrow Deposit Agreement by the City and the Escrow Agent and the funding of the Escrow Fund as provided therein, the Refunded Bonds will be secured solely by the Escrow Fund, and the Refunded Bonds shall be deemed to have been paid and shall no longer have a lien on the Net Revenues of the System under the terms of any bond ordinance. Bond Counsel’s opinion shall be given in reliance upon the verification report of a verification agent, and the accuracy thereof with respect to the sufficiency of funds deposited into the Escrow Fund to provide for the payment of principal, interest and premium on the Refunded Bonds from the date of delivery of the Bonds to and including the date of redemption of the Refunded Bonds (unless the Escrow Fund is gross funded, in which case no verification agent will be required). See “VERIFICATION” herein.

SOURCES AND USES OF FUNDS

The table on the following page sets forth the estimated sources and uses^(a) of the proceeds of the Series 2020A Bonds. See “PLAN OF REFUNDING” herein.

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Sources of Funds

Principal Amount of Series 2020A Bonds	\$18,585,000.00
Plus Transfers from 2011A Debt Service Account and Debt Service Reserve Account	<u>1,629,399.59</u>
Total Sources of Funds	<u>\$20,214,399.59</u>

Uses of Funds

Deposit to Escrow Fund	\$19,839,751.95
Deposit to Costs of Issuance Account ^(a)	298,340.31
Bond Insurance Premium	49,130.34
Surety Bond Fee (Funding of the Debt Service Reserve)	26,481.51
Rounding Amount	<u>695.48</u>
Total Uses of Funds	<u>\$20,214,399.59</u>

The table below sets forth the estimated sources and uses of the proceeds of the Series 2020B Bonds.

Sources of Funds

Principal Amount of Series 2020B Bonds	\$3,355,000.00
Plus Transfers from 2011C Debt Service Account and Debt Service Reserve Account	<u>294,238.61</u>
Total Sources of Funds	<u>\$3,649,238.61</u>

Uses of Funds

Deposit to Escrow Fund	\$3,580,129.03
Deposit to Costs of Issuance Account ^(a)	55,822.67
Bond Insurance Premium	8,600.54
Surety Bond Fee (Funding of the Debt Service Reserve)	4,297.95
Rounding Amount	<u>388.42</u>
Total Uses of Funds	<u>\$3,649,238.61</u>

^(a) Includes legal, accounting, and municipal advisor fees, initial bond registrar and paying agent fees, escrow agent fees, underwriter's discount, printing costs, rating agency fees, and miscellaneous expenses of issuance.

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SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

General

The Bonds shall not be deemed to constitute a debt of the State of Georgia (the "State") or any political subdivision thereof, including the City, within the meaning of any constitutional or statutory limitation on indebtedness, nor a pledge of the faith and credit of the State or any political subdivision thereof, including the City, nor shall the State or any political subdivision thereof, including the City, be subject to any pecuniary liability thereon. The Bonds shall not be payable from or a charge upon any funds other than the Net Revenues of the System. No holder of any Bond shall ever have the right to compel the exercise of any taxing power of the State or any political subdivision thereof, including the City, to pay the same or the interest thereon nor to enforce the payment thereof against any other property of the State or any political subdivision thereof, including the City, nor shall the Bonds constitute a charge, lien or encumbrance, legal or equitable, upon any other property of the State or any political subdivision thereof, including the City.

Pledge of Revenues

Pursuant to the Bond Ordinance, the City is required to deposit all Revenues derived from the System into a Revenue Fund, described hereinafter, and to disburse monthly therefrom, after payment of the reasonable and necessary expenses (other than depreciation) of operating, maintaining and repairing the System and a balance equal to the preceding six months' aggregate of such expenses to meet the working capital needs of the System, amounts sufficient to pay the principal of and interest on the Bonds and any Additional Bonds coming due on the next succeeding Interest Payment Date. In the Bond Ordinance, the City has covenanted that it will maintain rates, tolls, fees, and charges for the services, facilities and commodities furnished by the System as further described below. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Rate Covenant" and "APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE – Definitions," "– Revenues and Funds," and "– Schedule of Rates, Fees and Charges."

AGM Policies

The scheduled payment of principal and interest on the Bonds when due will be guaranteed under the Insurance Policy. For a description of the Insurance Policy and the Bond Insurer, see "BOND INSURANCE" herein. For a form of the Insurance Policy, see "APPENDIX F – SPECIMEN MUNICIPAL BOND INSURANCE POLICY."

Payment of principal of and interest on the Bonds will also be secured by a debt service reserve within the Sinking Fund, which is to be held in trust for the owners of all the Bonds, equally and ratably, under the terms of the hereinafter defined Ordinance. The Debt Service Reserve Requirement (as defined in the Ordinance) will be fully funded upon the issuance of the Bonds from the purchase of the Reserve Policy.

Rate Covenant

Pursuant to the Bond Ordinance, the City has covenanted and agreed that, as often as it shall appear necessary, the City shall revise the schedule of rates, tolls, fees and charges for the services, facilities and commodities furnished by the System to the extent necessary to produce funds sufficient in each fiscal year to:

- (a) operate, maintain and repair the System on a sound businesslike basis;
- (b) produce an amount equal to 110% of the amount required to discharge the payment of the principal of and the interest on the Bonds and any Additional Bonds as the same become due and payable in the then current Sinking Fund Year;
- (c) create and maintain a reserve in the Debt Service Reserve Account in the amount as required in the Bond Ordinance or such larger amount as may be required in any proceedings authorizing such issue or issues of Additional Bonds; and

- (d) create and maintain a reserve for extensions and improvements to the System.

The rates, tolls, fees and charges shall be classified in a reasonable manner to cover users of the services and facilities furnished by the System so that as nearly as practicable such rates, fees and charges shall be uniform in application to all users falling within any reasonable class. No free services shall at any time be furnished from the System, and the City will undertake within its health powers and public safety or such other applicable powers now or hereafter provided by law to require the owners of all improved property abutting any sewerage line to connect with the System. No customer shall be connected to the System or served by the City without a proper meter having been first installed. All services shall be furnished in accordance with rates now or hereafter established, including services furnished to any county, municipal corporation or other public board or body. Notwithstanding the foregoing, the City, in the exercise of its reasonable discretion, shall have the right to furnish free unmetered water to nonprofit bodies or public bodies.

In the event the City fails to adopt a schedule or schedules of rates, tolls, fees and charges, or to revise its schedule or schedules of rates, tolls, fees and charges, in accordance with the provisions of the Bond Ordinance, any bondholder, without regard to whether any default shall have occurred, may institute and prosecute in any court of competent jurisdiction an appropriate action to compel the City to adopt a schedule or schedules of rates, tolls, fees and charges, or to revise its schedule or schedules of rates, tolls, fees and charges in accordance with the requirements of the Bond Ordinance or to take any other action permitted by the Bond Ordinance.

Debt Service Account and Debt Service Reserve Account

The Bond Ordinance requires a Sinking Fund and the establishment and maintenance of a Debt Service Account and a Debt Service Reserve Account within the Sinking Fund. After there have been paid from the Revenue Fund the sums required or permitted to be paid pursuant to the Bond Ordinance, there shall be paid into the Debt Service Account, for the purpose of paying the principal of and the interest on the Bonds coming due in the then current Sinking Fund Year (whether by maturity, scheduled mandatory redemption or otherwise, and taking into consideration moneys deposited therein simultaneously with the issuance and delivery of the Bonds and any interest earned on amounts on deposit in the Debt Service Account of the Sinking Fund), the following amounts: (i) in the month of November, 2020 and from month to month thereafter, an amount equal to one-fourth (1/4) of the interest on the Bonds coming due on March 1, 2021, and commencing with the month of March, 2021 and from month to month thereafter, an amount equal to one-sixth (1/6) of the interest on the Bonds coming due on the next succeeding March 1 or September 1, as the case may be, and (ii) commencing with the month of November, 2020 and from month to month thereafter, an amount equal to one-tenth (1/10) of the principal on the Bonds coming due on September 1, 2021, and commencing with the month of September, 2021 and from month to month thereafter, an amount equal to one-tenth (1/12) of the principal on the Bonds coming due on the next succeeding September 1, such monthly payments to continue from month to month until sufficient funds are on hand in the Sinking Fund to pay all of the outstanding Bonds as same mature or are acquired by mandatory redemption and the interest which will become due and payable thereon.

There shall be deposited in the Debt Service Reserve Account for each series of bonds issued pursuant to the Bond Ordinance, an amount equal to the least of (i) 10% of the outstanding principal amount of the bonds issued, (ii) the maximum annual Principal and Interest Requirement in any Sinking Fund Year, or (iii) 125% of the average annual debt service on the Bonds; provided, however, with respect to Bonds that are variable rate bonds, it shall be assumed that such Bonds bear interest through maturity at that rate which the original purchaser of such Bonds certifies as of the date of issuance thereof would have borne had such Bonds borne a fixed, constant rate of interest. The Debt Service Reserve Account shall be maintained for the purpose and shall be used solely to pay the principal of and interest due in any year as to which there otherwise would be a deficiency in the Debt Service Account. The City will fund the Debt Service Reserve Account with a Surety Bond for each issue. See "APPENDIX F" for the Debt Service Reserve Surety Bond Policy.

Additional Bonds

The City has agreed in the Bond Ordinance that it will not hereafter issue any other bonds or obligations of any kind or nature payable from or enjoying a lien on the revenues of the System prior to the lien created for the payment of the Bonds and any future series of Additional Bonds. Nothing contained therein, however, restricts the issuance of Additional Bonds or obligations from time to time payable from the revenues of the System and secured by a lien on said revenues which is junior and subordinate to the lien created under the Bond Ordinance. Additional Bonds, ranking as to lien on the Net Revenues of the System on a parity with the Bonds, may be issued under the following conditions:

(a) The payments covenanted to be made into the Sinking Fund, as the same may have been enlarged and extended in any proceedings authorizing the issuance of any Additional Bonds, must be currently being made in the full amount required and said "Debt Service Account" and "Debt Service Reserve Account" held within said Sinking Fund must be at their proper respective balances.

(b) The Net Revenue of the System for a period of twelve (12) consecutive months out of the twenty-four (24) consecutive months preceding the month of adoption of the proceedings authorizing the issuance of such Additional Bonds must have been equal to at least 1.15 times the maximum Debt Service Requirement for any succeeding Sinking Fund Year on the Bonds and any issue or issues of Additional Bonds then outstanding and on the bonds proposed to be issued. In lieu of the foregoing formula, if a new schedule of rates and charges for the services, facilities and commodities furnished by the System shall have been adopted and shall be in effect and an independent and recognized firm of certified public accountants shall certify that had this new rate schedule been in effect during the period described above, the Net Revenues would have been equal to at least 1.15 times the maximum debt service requirement for any succeeding Sinking Fund Year on the Bonds and any Additional Bonds then outstanding and on the Bonds proposed to be issued.

(c) An independent and recognized firm of certified public accountants or a municipal advisor or advisory firm registered with the Securities and Exchange Commission shall certify to the City that the requirements of subparagraph (a) above are being complied with and that the requirements of subparagraph (b) above have been met.

(d) Except when Bonds are being issued solely for the purpose of refunding outstanding revenue bonds, the Consulting Engineers for the City shall provide the City with a written report recommending the additions, extensions and improvements to be made to the System and stating that same are feasible, designating in reasonable detail the work and installation proposed to be done and the estimated cost of accomplishing the undertaking. The Consulting Engineers or a municipal advisor or advisory firm registered with the Securities and Exchange Commission shall set forth in said report the Projected Net Revenues (hereinafter defined) to be derived from the System which will be available for debt service payments over the life of the Bonds and any Additional Bonds therewith then outstanding and the Bonds proposed to be issued and shall indicate the projected coverage of such debt service payments in each succeeding Sinking Fund Year. "Projected Net Revenues" in each year for the purpose of this subparagraph (d) shall be estimated gross revenues of the System in each Sinking Fund Year remaining after payment of the estimated costs required or permitted to be paid pursuant to the provisions of Paragraph 1 of Section 502 of the Ordinance for said period.

(e) The City shall pass proper proceedings reciting that all of the above requirements have been met, shall authorize the issuance of the Additional Bonds and shall provide in such proceedings, among other things, the date such Additional Bonds shall bear, the rate or rates of interest and maturity dates, as well as the registration and redemption provisions. The interest and principal on the Additional Bonds of any such issue shall fall due on dates to be established by the City; provided that, if such dates differ from the Bonds, the City shall make certain modifications to the monthly sinking fund payment obligations as necessary to accommodate such difference, including assuring that sinking fund payment obligations are made monthly in approximately equal amounts from a payment date respecting principal and interest, respectively, to the next such applicable payment date respecting such Additional Bonds, but, as to principal,

not necessarily in each year or in equal installments; provided that if such Additional Bonds shall bear interest at a variable rate, the City may, by supplemental ordinance, designate such other interest payment dates or record dates with respect to such Additional Bonds as may be appropriate. Any such proceeding or proceedings shall require the City to increase the monthly payments then being made into the Sinking Fund to the extent necessary to pay the principal of and the interest on the Bonds and on all such Additional Bonds therewith then outstanding and on the Bonds proposed to be issued as same become due and payable, either at maturity or by proceedings for mandatory redemption, in the then current Sinking Fund Year, and to deposit into the Debt Service Reserve Account, as a condition to the issuance of such Additional Bonds, either a surety bond or letter of credit that complies with the terms of the Ordinance or cash in an amount equal to the Debt Service Reserve Requirement (taking into account the Bonds being issued), and to maintain the Debt Service Reserve Account in such amount. Any such proceeding or proceedings shall restate and reaffirm, by reference, all of the applicable terms, conditions and provisions of the Ordinance.

(f) Such Additional Bonds or obligations and all proceedings relative thereto, and the security therefor, shall be validated as prescribed by law.

(g) In the event that any such Additional Bonds bear interest at a rate other than a fixed rate of interest per annum, the proceedings under which such Additional Bonds are issued shall provide a “cap” or a maximum rate of interest per annum which such Additional Bonds may bear, and in the event that the City enters into a contract with a bank or other financial institution (a “Liquidity Provider”) to provide liquidity for such Additional Bonds, (i) the interest rate payable to the Liquidity Provider must be specified at the time of issuance of such Additional Bonds, (ii) any acceleration of principal payments due to the Liquidity Provider or any interest due in excess of the interest payable on such Additional Bonds must be subordinate to the payment of debt service on the Bonds outstanding under the Ordinance, and (iii) the Liquidity Provider must be rated in either of the two highest short-term debt rating categories of the applicable rating agency or agencies.

RISK FACTORS

Prospective purchasers of the Bonds should be aware that investment in the Bonds may entail some degree of risk. Each prospective investor in the Bonds is encouraged to read this Official Statement in its entirety. Particular attention should be given to the factors described below which, among others, could affect the payment of debt service on the Bonds and which could also affect the market price of the Bonds to an extent that cannot be determined. This discussion of risk factors is not, and is not intended to be, exhaustive.

Special, Limited Obligation

The obligation of the City to pay debt service on the Bonds is a special, limited obligation of the City. *The Bonds are not general obligations of the City and the full faith and credit and taxing power of the City are not pledged to pay debt service on the Bonds. The City does not have the authority to levy ad valorem property taxes in order to pay debt service on the Bonds.* As further described elsewhere herein, debt service on the Bonds is payable solely from and secured by a first charge and lien upon the Revenues of the System described herein. While it is believed that Revenues of the System will be sufficient to pay operating and maintenance costs of the System as well as debt service on the Bonds when due, a number of factors described below may affect the receipt of sufficient Revenues from the System for such purposes, which may impair the ability of the City to make timely debt service payments on the Bonds.

General Factors that May Affect Sufficiency of Revenues

As stated above, the City is obligated to pay debt service on the Bonds solely from Revenues generated by the operation of the System. A number of factors may have an adverse effect on the receipt of money in an amount sufficient to pay operating and maintenance expenses of the System as well as debt service on the Bonds. These include potential adverse changes in the economic condition of the System, including potential decreases in population that may arise from decisions by employers located in and around the City to relocate their operations elsewhere;

potential unemployment at a level that would preclude residents of the City from paying sufficient user fees in order to support the operations of the System and the payment of debt service on the Bonds; and other factors such as weather conditions that could result in a reduction in the demand for services.

Unforeseen Problems with the System

Payment of principal of and interest on the Bonds is dependent to a considerable degree upon the continued operation of the System for the purposes for which it was designed. While the City believes that the System is designed and constructed in such a manner as to permit its continued operation without requiring unreasonable costs for maintenance or repairs and has provided under the terms of the Ordinance for the creation and maintenance of funds in amounts which it believes to be sufficient to provide for the necessary repairs and maintenance of the System, there can be no assurance that such amounts will, in fact, be sufficient to ensure the ongoing operation of the System. Any material interruption of the operation of the System may have an adverse effect on the ability of the City to collect fees from users of the System and could, in turn, have a materially adverse effect on the ability of the City to make timely payment of debt service on the Bonds.

Maintenance of Credit Rating

The Bonds will be rated as to their creditworthiness by S&P Global Ratings (“S&P” or the “Rating Agency”). No assurance can be given that the Bonds will maintain its original rating from the Rating Agency. If a rating on the Bonds decreases, the Bonds may lack liquidity in the secondary market in comparison to other municipal bonds. Adverse developments with respect to the financial condition of the System may have an unfavorable effect upon a holder’s ability to sell the holder’s Bonds or the bid and ask prices for the Bonds. See “RATING” in this Official Statement.

Cybersecurity

The City’s services and systems may be critical to operations or involve the storage, processing and transmission of sensitive data, including valuable property tax, other proprietary or confidential data, regulated data, and personal information of employees, taxpayers, and others. Successful breaches, employee malfeasance, or human or technological error could result in, for example, unauthorized access to, disclosure, modification, misuse, loss, or destruction of the City’s or other third party data or systems; theft of sensitive, regulated, or confidential data including personal information; the loss of access to critical data or systems; service or system disruptions or denials of service. A potentially successful cyberattack on the City’s operations could also disrupt the delivery of City services and City operations. While the City employs professional information technology professionals and utilizes operational safeguards that are tested periodically, no assurance can be given that such measures will ensure that the City is protected against all cybersecurity threats or attacks.

Economy

A combination of economic, climactic, political or civil disruptions or terrorist actions could affect the local economy and result in reduced revenues and/or tax collections and/or increased demands upon the City.

Secondary Markets and Prices

Neither the City nor the underwriter will be obligated to repurchase any of the Bonds, and no representation is made concerning the existence of any secondary market for the Bonds. No assurance can be given that any secondary market will develop following the completion of the offering of the Bonds and no assurance can be given that the initial offering prices for the Bonds will continue for any period of time.

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Infectious Disease Outbreak – COVID-19

Background

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic (the “COVID-19 Pandemic”) by the World Health Organization and is currently affecting many parts of the world, including the United States and the State of Georgia. On March 13, 2020, the President of the United States declared the outbreak of COVID-19 Pandemic in the United States a national emergency. Subsequently, the United States Center for Disease Control and Prevention recommended actions to slow the spread of COVID-19 in the United States by, among other measures, social distancing.

State Actions to Address COVID-19

On March 2, 2020, the first confirmed cases of COVID-19 in the State were announced. As of September 7, 2020, the State’s Department of Public Health reports approximately 283,807 confirmed cases, 25,538 hospitalizations, and 6,044 deaths attributable to COVID-19. Additional public health data and other information on the State’s response to COVID-19 is available on the following website: <https://dph.georgia.gov/covid-19-daily-status-report>. This website is provided for convenience only and is not incorporated by reference into this Official Statement.

On March 14, 2020, the Governor of the State of Georgia signed Executive Order No. 03.14.20.01 (the “March 14 Executive Order”) declaring a “Public Health State of Emergency” in the State due to the spread of COVID-19. On March 16, 2020, the Georgia General Assembly concurred with the Executive Order by joint resolution. During a state of emergency, Georgia law vests the Governor with powers and duties as may be deemed necessary to promote and secure the safety and protection of the civilian population. In addition to the March 14 Executive Order, the Governor has signed multiple subsequent executive orders relating to COVID-19 that have, among other effects, (i) limited large gatherings statewide, ordered “shelter in place” for specific populations, and closed bars and nightclubs in Georgia; (ii) closed public elementary, secondary, and post-secondary schools to stop the spread of COVID-19; (iii) reduced regulations to assist the State’s response to the spread of COVID-19; and (iv) authorized certain transfers from the Governor’s Emergency Fund. More recently, the Governor issued Executive Orders for reopening the State’s economy, allowing certain “non-essential” businesses to resume operations and allowing restaurants to resume dine-in service, so long as these businesses implemented measures designed to mitigate exposure to COVID-19 and limit its spread to previously non-infected persons. On August 31, 2020, the Governor further extended the Public Health State of Emergency to October 10, 2020.

On August 15, 2020, the Governor also signed Executive Order 08.15.20.01, which updated COVID-19 guidelines (the “August 15 Executive Order”). The Governor renewed the August 15 Executive Order on August 31, 2020, pursuant to Executive Order 08.31.20.02, which was effective through September 15, 2020 (the “August 31 Executive Order”). On September 15, 2020, the Governor signed Executive Order .09.15.20.01, which is effective through September 30, 2020 (the “September 15 Executive Order”). Similar to the August 15 Executive Order and the August 31 Executive Order, the September 15 Executive Order continues to require social distancing, bans gatherings of more than 50 people unless there is six feet between each person, with certain exceptions including for schools, outlines mandatory criteria for businesses, strongly encourages use of face coverings, and requires sheltering in place for those living in long-term care facilities and the medically fragile. On September 30, 2020, the Governor again renewed his Public Health State of Emergency declaration through November 9, 2020.

Impact of COVID-19

The COVID-19 Pandemic has negatively affected travel, commerce, and financial markets globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide. There can be no assurances regarding the extent to which the COVID-19 Pandemic will impact the national and State of Georgia’s responses and economies and, accordingly, how it may adversely impact local governments and municipal authorities, including the City. Because of the evolving nature of the outbreak and federal, state, and local responses thereto, the City cannot predict how the outbreak will impact the financial condition or operations of the City. The City cannot predict costs associated with this or any other potential infectious disease outbreak.

Except for certain unaudited financial data that is provided, the financial and operating data contained within this Official Statement are the latest available but are reported as of the dates and for periods prior to the economic impact of the COVID-19 Pandemic and measures instituted to slow it. Accordingly, they are not indicative of the current financial condition or future prospects of the City. To date, there have not been any material decreases in, or delays in collections of, revenues of the System, and the City does not anticipate raising water or sewer rates as a result of COVID-19. The System suspended disconnections and waived late penalties from March to May 2020, all while encouraging customers to continue to pay. The System will continue to work with customers on delayed payment plans in order to get payments current.

The City continues to monitor the spread of COVID-19 and while any impact of the COVID-19 Pandemic on the local economy is currently uncertain, the City is monitoring the situation and will address such impact as necessary.

The foregoing is intended only as a summary of certain investment considerations attendant to an investment in the Bonds. It is NOT an exhaustive list of all possible factors that could adversely impact the ability of the City to make payments on the Bonds. In order for potential investors to identify investment considerations and make an informed decision with respect to the Bonds, potential investors in the Bonds should be thoroughly familiar with this entire Official Statement and the appendices hereto.

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THE SYSTEM

Water System

The water distribution system serves 2,972 users within the City and 1,345 rural users outside of the City. The City has approximately 73 miles of water distribution main. The system varies substantially in age because it is continually being expanded and upgraded; however, the distribution system is currently in good condition.

The City owns and operates three water storage tanks aggregating 4 million gallons (“MG”) in ground storage on Hog Mountain northeast of the City and a 500,000 gallon storage tank in the Industrial Park. The Industrial Park consists of approximately 500 acres on which are located 7 industries. The City owns approximately 180 acres of undeveloped property in the Industrial Park.

The City owns and operates two water treatment plants with a total rated capacity of 6 million gallons per day (“MGD”).

The Trident MicroFloc Plant was constructed in 1991 and consists of two treatment trains of 2 MGD for a total capacity for the plant of 4 MGD. Each train uses a beaded media to filter floc before entering the sand and anthracite coal filter. This plant had substantial rehab work performed in 2009. This plant, rated at 4 MGD, provides above average water supply needs for a municipality of the City’s size.

The Conventional Plant adds another 2 MGD to make the City’s overall capacity 6 MGD. The Conventional Plant consists of 4 Sedimentation basins and 4 filters. Floc is allowed to settle in these basins prior to being filtered through the sand and anthracite coal filter. Each sand and anthracite filter was rehabilitated in 2020. The Conventional Plant had two basins and filters constructed in 1964 and the size was doubled in 1974. The City is currently in the design process for certain filter rehab and upgrades to the Conventional Plant.

Most of the System is based on gravity flow. The City reviews the System’s distribution network at regular intervals and pipe replacement is a regular part of this process, with the last distribution pipe replacements occurring in 2015. The City is currently undertaking a large, three-phase project to replace water mains in the northwest area of the City. Phase I is expected to cost approximately \$1,035,000, of which \$750,000 is being funded with Community Development Block Grant (“CDBG”) funds. The City expects to apply for two additional CDBG grants, each in the same amount, for Phases II and III of this project. When the project is complete, approximately a quarter of the System will have new water and sewer mains. Phase II work is expected to begin in 2021, and Phase III work is expected to begin in 2022. Phases II and III are expected to cost approximately \$1,035,000 each. In addition to the CDBG grants, the City intends to fund these project costs from System revenues and a portion will likely be paid for with funds from the City’s allocation of special purpose local option sales tax (“SPLOST”) funds.

Raw Water Supply

Water is withdrawn from the Eady Creek Reservoir, which is a surface water lake located approximately four miles northeast of the City. The reservoir encompasses 160 acres and meets the current 1.8 MGD average daily demand and the projected future average daily demand of 2.0 MGD. Water is pumped via two 12” service mains to the City’s water treatment plant on State Route 36, just north of the City limits.

Water system usage and customers served for the last five fiscal years ended September 30 are shown below.

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Water Pumped

<u>Year</u>	<u>Annual (MG)</u>	<u>Peak Day (MGD)</u>	<u>Water Sold (MG)</u>	<u>Customers (end of year)</u>
2014	445	2.10	323	3,947
2015	648	2.75	355	3,970
2016	707	3.00	356	4,417
2017	657	3.00	371	4,131
2018	645	3.00	356	4,184
2019	665	3.00	352	4,274

Source: City of Barnesville

On August 19, 1996, the City contracted with the City of Milner to operate the City of Milner’s water system and supply water to the system on an exclusive and wholesale basis until July 1, 2046 (the “Milner Water Agreement”). Under the Milner Water Agreement, the City provides repairs and maintenance of the City of Milner’s water system, meter reading and customer billing, and water supply. The City bills the City of Milner monthly based upon the number of gallons of water used. The City charges the City of Milner \$2.94 per 1,000 gallons. Effective October 1, 2020, the City will charge the City of Milner \$3.00 per 1,000 gallons. The Milner Water Agreement provides that the rates may be increased at the end of every one-year period, provided that the City of Milner will not pay more than the residents of the City of Barnesville for the same amount of water. The City of Milner has approximately 300 water users and they are charged for water at rates set by the City of Milner. The Milner Water Agreement renews automatically on July 1, 2046 unless either party provides written notice of non-renewal 30 days prior to such date.

Largest Users of Water System

The largest users of the System represent a mix between commercial customers, institutions, and industry. The largest water and sewerage customers for the fiscal year ending September 30, 2019 are shown below.

	<u>MG</u>	<u>Revenue</u>
1. Piedmont Green Power	55.40	\$258,383
2. City of Milner	25.30	71,691
3. Gordon State College	22.00	149,239
4. Continental Tire	10.20	68,960
5. Jordan Lumber	5.80	39,136
6. Lamar County Board of Education	4.80	32,665
7. Grain Craft	3.30	22,070
8. Ingles	3.00	18,914
9. Heritage Inn	3.00	18,575
10. Lamar Co. Board of Commissioners	<u>3.00</u>	<u>13,146</u>
Totals	135.80	\$692,779

Source: City of Barnesville

Sewerage System

In 2014, the City built a new wastewater treatment plant that was designed and is permitted for a capacity of 3.0 MGD. Current daily sewerage flows at the plant are 1.1 MGD. The City’s former wastewater treatment plant was originally constructed in 1959 and has been decommissioned. The City currently has no plans to rehabilitate, repurpose, or sell the old treatment plant.

The collection system serves approximately 2,416 users within the City and 20 rural users outside of the City. The total population in the City has access to sewer service. The City has an ongoing program to correct leaks due to inflow from surface water drainage and infiltration from sub-surface sources. This program is reducing excess flow to the sewage treatment plant during rainy periods, thereby reducing volume of flow treated and related operating costs.

Sewerage system usage and customers served for the five years ended September 30 are shown below.

<u>Year</u>	<u>Average Annual Flow (MGD)</u>	<u>Customers</u>
2015	1.02	2,413
2016	1.01	2,495
2017	0.94	2,449
2018	1.00	2,429
2019	1.10	2,435

Source: City of Barnesville

On February 11, 2002, the City contracted with the City of Milner to accept and treat the City of Milner’s sewage on a wholesale basis until June 30, 2042 (the “Milner Sewer Agreement”). Under the Milner Sewer Agreement, the City has agreed to (1) accept all sewage discharge from the City of Milner’s sewerage system, (2) provide customer billing for the City of Milner’s sewage customers, (3) furnish, install, operate and maintain at the point of delivery the necessary meter equipment to measure the amount of sewage, (4) repair and maintain the sewage system operated by the City of Milner and (5) prepare a necessary schedule of fees for customer tap on to the sewage system. The City of Milner receives a monthly bill based upon the number of gallons of sewage accepted. The City guarantees that its sewage system shall accept and accommodate 100,000 gallons of sewage per day from the City of Milner. The City charges the City of Milner \$2.94 per 1,000 gallons of sewage. Effective October 1, 2020, the City will charge the City of Milner \$3.00 per 1,000 gallons of sewage. There are approximately 225 sewer users in the City of Milner and they are charged at rates set by the City of Milner.

Largest Users of Sewer System

	<u>MG</u>	<u>Revenue</u>
1. City of Milner	19.80	\$ 56,009
2. Gordon State College	18.00	122,398
3. Continental Tire	10.20	69,198
4. Lamar County Board of Education	5.00	27,194
5. Ingles	3.00	19,231
6. Heritage Inn	3.00	18,654
7. Piedmont Development	2.40	16,592
8. Pineview Apartments	2.00	12,471
9. Lamar Co. Board of Commissioners	2.00	13,146
10. McIeroy	<u>2.00</u>	<u>11,718</u>
Totals	67.40	\$366,611

The customers shown in the above table accounted for 30% of the water and sewer portion of the System revenues for the year ending September 30, 2019.

Source: City of Barnesville

Water and Sewer Fees, Charges, and Rates

The tables below set forth water and sewer fees, charges, and rates effective from October 1, 2020 to the present time:

Meter and Tap Installation Fees*

Water Meter Size	Labor	Equipment	Meter	Incidentals (15%)	Total
¾"	\$ 420.00	\$300.00	\$ 212.00	\$108.00	\$ 1,040.00
1"	420.00	300.00	319.00	108.00	1,147.00
1 ½"	420.00	300.00	445.00	108.00	1,273.00
2"	420.00	300.00	1,810.50	108.00	2,638.50
3"	525.00	300.00	13,346.25	123.75	14,295.00
4"	1,750.00	300.00	12,867.50	307.50	15,225.00
6"	1,750.00	300.00	16,757.50	307.50	19,115.00
8"	1,750.00	300.00	30,437.50	307.50	32,795.00

Sewer Size	Labor	Equipment		Incidentals (15%)	Total
4"	\$ 825.00	\$300.00	-	\$168.75	\$1,293.75
6"	825.00	300.00	-	168.75	1,293.75
8"	1,000.00	380.00	-	207.00	1,587.00

* *Meter installation and sewer connection costs based on the average, labor, administration and equipment costs. For situations where the water or sewer tap has been installed by the builder or developer, the fee for inspection of the connection will be \$275 per water meter and \$100 per sewer tap.*

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Water & Sewer Rate Structures*

(Rates shown are per 1,000 gallons used)

	EFFECTIVE November 1, 2012	EFFECTIVE October 1, 2019	EFFECTIVE October 1, 2020
<u>Retail Water Rate Structure</u>			
Base Rate Inside City	\$10.00	\$10.00	\$10.20
Base Rate Outside City	\$16.00	\$16.30	\$16.63
0-2,000	\$0.00	\$0.00	\$0.00
2,001-4,999	\$4.80	\$4.99	\$5.09
5,000-9,999	\$5.80	\$6.03	\$6.15
10,000 and over	\$6.75	\$7.02	\$7.16
<u>Retail Sewer Rate Structure</u>			
Base Rate	\$16.60	\$16.60	\$16.93
0-2,000	\$0.00	\$0.00	\$0.00
2,001-4,999	\$4.80	\$4.99	\$5.09
5,000-9,999	\$5.80	\$6.03	\$6.15
10,000 and over	\$6.75	\$7.02	\$7.16
<u>Wholesale Water Rate</u>	\$2.83	\$2.94	\$3.00
<u>Wholesale Sewer Rate</u>	\$2.83	\$2.94	\$3.00
<u>Hydrant Sales</u>	\$6.75	\$7.02	\$7.16
<u>Irrigation Meter</u>	\$6.75	\$7.02	\$7.16
ALL CONSUMPTION			
Base Rate Inside City	\$10.00	\$10.00	\$10.20
Base Rate Outside City	\$16.30	\$16.30	\$16.63

*Base Rates includes the first 2000 gallons

Rate Setting Process. Each year management reviews and evaluates the water and sewer rates as part of the budgetary process. Beginning in 2021, the City Manager is authorized to approve rate increases of two percent (2%) or less per year. If rate increases of more than two percent (2%) are required, the proposed ordinance(s) is submitted to the Mayor and Council. Two separate readings of the ordinance are required before approval.

Billing and Collection Process. The City reads each meter monthly and bills are generated by the Utility Billing Department. The payment is due upon receipt of the bills and become past due after 25 days from the billing date. Delinquent accounts are then disconnected from service after 10 additional days. Currently, the Utility Billing Department consists of one billing clerk and two meter readers. The billing clerk performs routine clerical, administrative, and data processing work in the billing of utility and other public services. The meter readers perform semi-skilled utility work in the reading and operation of utility meters.

Water and Sewer Department. The Water and Sewer Department plans, constructs, operates, repairs, maintains and performs the replacement of equipment within the System and associated facilities. The Water and Sewer department consists of a water superintendent, a crew leader, two equipment operations and two water/sewer construction workers.

In September 2012, the City and ESG Operations, Inc. (“ESG”) entered into an Agreement for Operations, Maintenance and Management Services (the “System Operating Agreement”). Under the terms of the System Operating Agreement, ESG must provide full-service management, operation, and maintenance of the System’s water and wastewater plants and related facilities and equipment on a 24-hour, 7 days a week basis, and in accordance with

all applicable state and federal laws, regulations, and permits. At this time, the staffing level provided by ESG is approximately five full-time employees or equivalent. The System Operating Agreement further provides that the City remains responsible for paying capital expenditures and certain other costs. The annual base fee that the City must pay ESG under the System Operating Agreement is negotiated and agreed to each year not less than three (3) months prior to the beginning of the next contract year. The current base fee that the City pays ESG is \$1,006,080, or \$83,840 monthly. The System Operating Agreement is currently set to expire on October 1, 2022.

Capacity Recovery Fee – Residential Land Uses

Use	EDU*	Unit	Cost Per EDU Water Only	Cost Per EDU Sewer Only	Cost Per EDU Water & Sewer Combined
<u>City of Barnesville</u>					
<u>Users</u>					
Residential Land Use	1,000	per dwelling	\$800.00	\$2,200.00	\$3,000.00
<u>City of Milner</u>					
<u>Users</u>					
Residential Land Use	1,000	per dwelling	\$600.00	\$1,400.00	\$2,000.00

** Equivalent Dwelling Unit*

For non-residential land uses, the estimated daily usage will be calculated on a case-by-case basis at the time of meter installation or sewer tap. The estimated daily usage (e.g., 250 gallons per day) will be based on historic data (from comparable land uses) or by actual use data for similar land uses, which may be provided by the fee payer. The sewer capacity recovery fee calculation is based on the same quantity as used for the water calculation. In situations where historic or contemporary data is limited to a degree that it is questionable, the City’s registered professional engineer shall make the determination, which determination is final and not subject to review.

Future Capital Outlay and Debt Plans

The City currently has no plans for the issuance of bonds or debt for the System in the next five years.

Environmental Matters

The City’s operations of the water treatment and distribution system operated are subject to the regulations of the Georgia Department of Natural Resources, Environmental Protection Division (“EPD”). Wastewater operations are subject to the regulations imposed by the federal Water Pollution Control Act, as amended (the “Clean Water Act”). The regulatory requirements are administered by the federal Environmental Protection Agency (“EPA”) through the EPD. The table that follows provides information about the permits under which the Authority currently operates.

<u>Permit Number</u>	<u>Purpose</u>	<u>Issued</u>	<u>Expiration</u>
CS1710000	Public Water System	March 10, 2020	March 10, 2030
GA0021041	Water Pollution Control Plant-Discharge	March 1, 2018	February 28, 2023

Source: City of Barnesville

The City is not aware of any regulatory or enforcement proceedings pending or threatened against the City or the System.

FINANCIAL INFORMATION CONCERNING THE SYSTEM

Five-Year Operating History

The City maintains all of its funds and accounts relating to the System separate from other City funds. The System is accounted for as an Enterprise Fund of the City. Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The System is accounted for using the accrual basis of accounting. System revenues are recorded when earned, and its expenses are recorded when incurred.

The table on the following pages sets forth a historical, comparative summary of the revenues and expenses of the System for its past five fiscal years. Information in the table has been extracted from audited financial statements of the City for the fiscal years ended September 30, 2015 through 2019 and from unaudited interim financial statements of the System for the nine-month periods ended June 30, 2019 and 2020. The audited financial statements for the System and their accompanying notes for fiscal year ended September 30, 2019 are included in "APPENDIX C" to this Official Statement. Although the information for fiscal years ended September 30, 2015 through 2019 were taken from audited financial statements, no representation is made that the information is complete from year to year, or that the information as shown, taken by itself, presents fairly the results of operation of the System for the fiscal years shown. For more complete information, reference is made to the audited financial statements for each of such fiscal years, copies of which are available from the City upon request. The unaudited interim financial statements were prepared by City staff. See "EXPERTS" herein.

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Summary of System Revenues and Expenses

	Years Ended September 30 (Audited)					Nine-Month Periods Ended June 30 (Unaudited)	
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2019</u>	<u>2020</u>
OPERATING REVENUES							
Charges for service	\$ 3,914,512	\$ 3,753,960	\$ 3,774,028	\$ 3,711,972	\$ 3,744,846	\$ 2,808,634	\$ 2,681,042
Miscellaneous	<u>10,650</u>	<u>14,530</u>	<u>32,840</u>	<u>124,290</u>	<u>55,803</u>	<u>116,852</u>	<u>145,211</u>
Total operating revenues	<u>3,925,162</u>	<u>3,768,490</u>	<u>3,806,868</u>	<u>3,836,262</u>	<u>3,900,649</u>	<u>2,925,486</u>	<u>2,826,253</u>
OPERATING EXPENSES							
Personal services	694,151	454,219	473,720	442,652	487,506	365,629	403,376
Contractual services	842,940	898,770	1,091,346	1,187,957	977,459	733,094	771,330
Supplies and other services	353,704	325,670	311,178	250,055	391,847	276,088	436,970
Utilities	8,505	3,728	3,282	2,594	2,648	1,986	2,838
Depreciation	<u>1,149,389</u>	<u>1,108,666</u>	<u>1,142,005</u>	<u>823,030</u>	<u>842,301</u>	<u>631,726</u>	<u>631,726</u>
Total operating expenses	<u>3,048,689</u>	<u>2,791,053</u>	<u>3,021,531</u>	<u>2,706,288</u>	<u>2,701,761</u>	<u>2,008,523</u>	<u>2,246,240</u>
OPERATING INCOME (LOSS)	<u>876,473</u>	<u>977,437</u>	<u>785,337</u>	<u>1,129,974</u>	<u>1,198,888</u>	<u>916,963</u>	<u>580,014</u>
Nonoperating revenues (expenses)							
Interest revenue	6,509	9,718	20,785	42,653	65,292	48,968	26,308
Interest expense	(920,965)	(918,011)	(914,653)	(911,525)	(905,638)	(679,228)	(447,936)
Intergovernmental grant	<u>278,286</u>	<u>221,714</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>(636,170)</u>	<u>(686,579)</u>	<u>(893,868)</u>	<u>(868,872)</u>	<u>(840,346)</u>	<u>(630,260)</u>	<u>(421,628)</u>
Net income (loss) before outflows, transfers, and capital contributions	<u>240,303</u>	<u>290,858</u>	<u>(108,531)</u>	<u>261,102</u>	<u>358,542</u>	<u>286,703</u>	<u>158,386</u>
Capital Contributions	-	-	25,021	239,046	-	-	-
Transfers in (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	240,303	290,858	(83,510)	500,148	358,542	286,703	158,386
Net assets - beginning of year	17,803,496	18,043,799	18,173,100	\$18,089,590	18,589,738	18,589,738	\$18,193,534
Restatement	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(754,747)</u>	<u>-</u>	<u>-</u>
Net assets – end of year	<u>\$18,043,799</u>	<u>\$18,334,657</u>	<u>\$18,089,590</u>	<u>\$18,589,738</u>	<u>\$18,193,533</u>	<u>\$18,121,694</u>	<u>\$18,351,920</u>

Management's Discussion and Analysis of Financial Condition and Results of Operations

During the past five fiscal years (2015-2019), the System's revenue declined by 1.08%; operating expenses decreased by 2.7%; and operating income increased by approximately 10.5%. In fiscal year 2018, depreciation declined by \$318,975 due to the full depreciation of certain System water infrastructure assets.

In the same five-year period, the debt service coverage ratio for System bonded debt decreased from 1.87x to 1.67x, and the debt service coverage ratio for all System debt decreased from 1.47x to 1.35x. However, the System's fund cash and cash equivalents increased from \$741,452 to \$1,515,310, average days cash on hand increased from 142 days to 297 days, and unrestricted net position increased from \$1,591,861 to \$3,684,693. In large part, the System's fund cash increased over this five-year period due to the City's efforts to reduce spending and have more cash on hand for system improvements and maintenance.

The City believes that the System's financials indicate that overall System fundamentals are strong and stable. The System experienced a temporary reduction in revenue due to commercial businesses temporarily closing due to the COVID-19 Pandemic. However, none of the larger manufacturing facilities in Lamar County have closed as a result of the COVID-19 Pandemic. The Lamar County School System and Gordon State College closed their campuses in March 2020 and transitioned to online learning. Both opened in August and are offering a combination of in-person and online instruction. The City has not laid off or furloughed any employees as a result of the COVID-19 Pandemic. Service disconnections and late fees due to late payment of water and sewer service charges were suspended on March 20, 2020 but recommenced on May 20, 2020.

The City is initiating a four-year capital improvement project in July 2020 to make repairs and improvements to the water distribution and sewer collection systems. The estimated cost of the project is \$3,300,000 and will be funded with a combination of CDBG funds, SPLOST funds, and System revenues. The City currently plans to expand its water and sewer system to a new 500-home residential development in unincorporated Lamar County and to approximately 30 homes to be constructed within the Barnesville city limits. The City of Milner, a Barnesville municipal wholesale water and sewer customer, has approved a new 600-unit residential development.

The Barnesville City Council authorized a four percent (4%) water and sewerage rate increase in fiscal year 2019 and two percent (2%) rate increases for each of fiscal years 2020 and 2021. The City Manager has the authority to increase water and sewer rates by up to two percent (2%) per year after fiscal year 2021, should the need arise. If an increase in excess of 2% is needed, city council approval will be required.

Significant Accounting Policies

Significant Accounting Policies of the City are set forth in the notes to the audited financial statements attached as "APPENDIX C" to this Official Statement.

Investments

Pursuant to the provisions of the Bond Ordinance, moneys in the Debt Service Account and the Debt Service Reserve Account of the Sinking Fund not immediately required to pay the principal and interest due on September 1 or March 1 in any year shall be held, managed, invested and reinvested by the Sinking Fund Depository in Permitted Investments as defined under the caption "APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE – Definitions" herein as directed by the City. The Bond Ordinance provides that any such Government Obligations shall mature no later than the date or dates on which moneys held for the credit of the pertinent account shall be required for the purposes intended, and that the moneys in the Debt Service Account and the Debt Service Reserve Account of the Sinking Fund and all securities held in and for the Debt Service Account and the Debt Service Reserve Account, and all income and increments therefrom are pledged to and charged to the payment of the principal of, redemption premium, if any, and interest on the Bonds and any Additional Bonds issued under the terms of the Bond Ordinance.

The Bond Ordinance further provides that moneys in the Renewal and Extension Fund not immediately needed may, in the discretion of the City, be invested in Permitted Investments as defined under the caption "APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE – Definitions" herein as directed by the City. Any such Permitted Investments shall mature no later than the date or dates on which moneys held for the credit of the pertinent fund shall be required for the purposes intended. Such securities so purchased shall be placed with the Depository of the Revenue Fund or the Renewal and Extension Fund in trust and held by it until paid at maturity or sold, and all income or increments therefrom shall be credited to such fund.

Historical Debt Service Coverage

The following table sets forth the historical long-term debt service coverage for the System for the last five fiscal years. Such information should be considered in conjunction with the information concerning the System contained elsewhere in this Official Statement.

	Years Ended September 30				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Operating Revenues	\$3,900,649	\$3,836,262	\$3,806,868	\$3,768,490	\$3,925,162
Total Operating Expenses Less Depreciation	(1,859,460)	(1,883,258)	(1,879,526)	(1,682,387)	(1,899,300)
Interest Income	<u>65,292</u>	<u>42,653</u>	<u>20,785</u>	<u>9,718</u>	<u>6,509</u>
Historical Net Revenue					
Available for Debt Service	\$2,106,481	\$1,995,657	\$1,948,127	\$2,095,821	\$2,032,371
Series 2011A Bonds	1,043,531	896,656	848,531	845,281	775,281
Series 2011B Bonds	-	-	-	-	167,640
Series 2011C Bonds	217,994	214,869	216,744	213,494	143,494
GEFA Loan DW-99-01P	173,296	173,296	173,296	173,296	173,296
GEFA Loan DW-08-003	<u>121,694</u>	<u>121,694</u>	<u>121,694</u>	<u>121,694</u>	<u>121,694</u>
Historical Debt Service	\$1,556,515	\$1,406,515	\$1,360,265	\$1,353,765	\$1,381,405
Debt Service Coverage Ratio, All Debt	<u>1.35x</u>	<u>1.42x</u>	<u>1.43x</u>	<u>1.55x</u>	<u>1.47x</u>
Debt Service Coverage Ratio, Bond Debt	<u>1.67x</u>	<u>1.80x</u>	<u>1.83x</u>	<u>1.98x</u>	<u>1.87x</u>

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Forecasted Debt Service Coverage

The following table sets forth the System's projected proforma debt service coverage ratios for the next five fiscal years based upon assumptions and estimates concerning future events and circumstances which are believed to be reasonable.

	Years Ending September 30				
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Operating Revenues	\$3,803,133	\$3,917,227	\$4,034,744	\$4,155,786	\$4,280,459
Operating Expenses Less Depreciation	1,915,244	1,972,701	2,031,882	2,092,839	2,155,624
Interest Income	<u>65,945</u>	<u>55,000</u>	<u>26,000</u>	<u>26,260</u>	<u>26,523</u>
Forecasted Net Revenues Available for Debt Service	\$1,953,834	\$1,999,526	\$2,028,862	\$2,089,207	\$2,151,358
Series 2011A Bonds	1,045,281	-	-	-	-
Series 2011C Bonds	215,594	-	-	-	-
Series 2020A Bonds	-	630,026	853,626	856,312	858,410
Series 2020B Bonds	-	142,875	184,300	183,669	182,888
GEFA Loan DW-99-01P	173,296	173,296	173,296	173,296	173,296
GEFA Loan DW-08-003	<u>121,694</u>	<u>121,694</u>	<u>121,694</u>	<u>121,694</u>	<u>121,694</u>
Total Debt Service¹	\$1,555,865	\$1,067,891	\$1,332,916	\$1,334,971	\$1,336,288
Forecasted Debt Service Coverage Ratio, Bond Debt	<u>1.55x</u>	<u>2.59x</u>	<u>1.95x</u>	<u>2.01x</u>	<u>2.07x</u>
Forecasted Debt Service Coverage Ratio, All Debt	<u>1.26x</u>	<u>1.87x</u>	<u>1.52x</u>	<u>1.56x</u>	<u>1.61x</u>

Source: City of Barnesville

THE FINANCIAL FORECAST ABOVE IS BASED SOLELY UPON ASSUMPTIONS MADE BY THE CITY, INCLUDING, WITHOUT LIMITATION, ASSUMPTIONS AS TO RATES FOR WATER AND SEWERAGE SERVICE, STABILITY AND GROWTH OF THE CUSTOMER BASE, AND OPERATING EXPENSES. THERE IS NO ASSURANCE THAT ACTUAL EVENTS WILL CORRESPOND WITH SUCH ASSUMPTIONS, THAT UNCONTROLLABLE FACTORS WILL NOT AFFECT SUCH ASSUMPTIONS, OR THAT THE FORECASTED RESULTS WILL BE ACHIEVED. THE ACHIEVEMENT OF THE FINANCIAL FORECAST WILL BE AFFECTED BY ECONOMIC CONDITIONS AND OTHER UNCONTROLLABLE FACTS AND IS DEPENDENT UPON THE OCCURRENCE OF FUTURE EVENTS WHICH CANNOT BE ASSURED. THUS, THE ACTUAL RESULTS ACHIEVED MAY VARY FROM THOSE FORECAST, AND SUCH VARIATIONS COULD HAVE AN ADVERSE EFFECT UPON THE CITY'S NET REVENUES AVAILABLE FOR DEBT SERVICE.

Operating Budget

On September 7, 2020, the City Council approved the System budget set forth below for the year ending September 30, 2021. The staff of the System uses the accrual basis of accounting in its annual operating budget for the System, which is consistent with the basis of accounting used in the System's financial statements. This budget is based upon certain assumptions and estimates of the staff of the System regarding future events, transactions and circumstances. Realization of the results projected in this budget will depend upon implementation by management and contractors of the System of policies and procedures consistent with the assumptions. There can be no assurance that actual events will correspond with such assumptions, that uncontrollable factors will not affect such assumptions, or that the projected results will be achieved. Accordingly, the actual results achieved could materially vary from those projected in the budget set forth below.

	<u>Revenues</u>	<u>Expenditures</u>	<u>Difference</u>
Water & Sewer	\$3,748,052.00	\$1,280,159.00	\$2,467,893.00
Water Treatment		1,964,793.00	(1,964,793.00)
Sewer Treatment		503,100.00	(503,100.00)
Transfers to General Fund	_____ -	_____ -	
Total Fund	<u>\$3,748,052.00</u>	<u>\$3,748,052.00</u>	

Statement of Net Assets

The table on the following page sets forth the historical statement of net assets of the System for the past five fiscal years.

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	Years Ended September 30				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
ASSETS					
Current Assets					
Cash and Cash Equivalents	\$1,515,310	\$1,582,896	\$1,510,680	\$1,439,706	\$ 741,452
Temporary Cash Investments	131,781	131,682	131,648	131,582	131,516
Receivable-Accounts	229,544	382,332	195,613	242,559	239,753
Other Receivable	1,088,298	1,238,949	1,245,663	1,081,438	1,027,615
Inventories of Supplies at Cost	<u>86,216</u>	<u>99,998</u>	<u>92,942</u>	<u>100,684</u>	<u>55,536</u>
Total Current Assets	3,051,149	3,435,857	3,176,546	2,995,969	2,195,872
Non-Current Assets					
Restricted Assets					
Investments	2,530,997	2,482,318	2,467,584	2,460,577	2,936,264
Interfund	763,072	919,238	580,559	280,710	202,648
Property					
Water and Sewerage Systems, Net	37,647,986	38,404,551	38,959,787	39,967,570	40,236,535
Land	427,488	427,488	427,488	427,488	427,488
Construction in Progress	-	-	-	-	<u>278,286</u>
Total Non-Current Assets	<u>41,369,543</u>	<u>42,233,595</u>	<u>42,435,418</u>	<u>43,136,345</u>	<u>44,081,221</u>
TOTAL ASSETS	44,420,692	45,669,452	45,611,964	46,132,314	46,277,093
Deferred Outflows of Resources					
Pension Contributions, Current FY	19,066	24,003	20,806	27,426	30,914
LIABILITIES					
Current Liabilities					
Accounts Payable	8,117	84,616	8,808	7,597	11,439
Current Portion of Bonds Payable	365,000	355,000	200,000	150,000	140,000
Current Portion of Notes Payable	294,990	294,990	294,990	294,990	355,836
Accrued Interest Payable	<u>74,656</u>	<u>75,543</u>	<u>75,961</u>	<u>76,272</u>	<u>76,565</u>
Total Current Liabilities	742,763	810,149	579,759	528,859	583,840
Long-Term Liabilities					
Bonds Payable	22,605,000	22,970,000	23,325,000	23,475,000	23,625,000
Deposits- Utilities	13,550	13,550	13,550	13,550	13,550
Due to Other Funds	-	114,719	114,719	114,719	114,719
Notes Payable	2,757,985	3,052,975	3,347,965	3,692,955	3,927,099
Net Pension Liability	<u>65,073</u>	<u>86,566</u>	<u>135,375</u>	-	-
Total Long-Term Liabilities	<u>25,441,608</u>	<u>26,237,810</u>	<u>26,936,609</u>	<u>27,296,224</u>	<u>27,680,368</u>
TOTAL LIABILITIES	26,184,371	27,047,959	27,516,368	27,825,083	28,264,208
Deferred Inflows of Resources					
Cost Related to Pension	61,854	55,758	26,812	-	-
NET POSITION					
Net Investment in Capital Assets	11,977,843	12,083,531	12,219,320	12,705,841	12,817,809
Restricted for:					
Plant Construction	-	-	-	-	501,677
Debt Retirement	1,598,302	1,669,419	1,731,949	1,639,183	1,639,943
Operating Reserves	932,695	2,323,134	1,552,105	1,387,015	1,492,509
Unrestricted - Restated	3,684,693	2,513,654	2,586,216	2,602,618	1,591,861
TOTAL NET POSITION	<u>\$18,193,533</u>	<u>\$18,589,738</u>	<u>\$18,089,590</u>	<u>\$18,334,657</u>	<u>\$18,043,799</u>

System Debt

As of the date of this Official Statement, the System’s debt consists of the Refunded Bonds and two Georgia Environmental Finance Authority loans (the “GEFA Loans”) as shown below. Assuming the Bonds are issued, only the GEFA Loans will remain outstanding, in addition to the Bonds.

Date of Issue	Original Amount	Name / Purpose	Final Maturity	Estimated Principal Amount Outstanding as of September 1, 2020
12/28/2011	\$19,935,000	Series 2011A Bonds / Water and Sewerage Refunding and Improvement	9/1/2046	\$19,105,000
12/28/2011	\$3,830,000	Series 2011C Bonds / Water and Sewerage Improvement	9/1/2046	\$ 3,450,000
6/30/2007	\$3,465,911	GEFA Loan DW-99-01P / Water and Sewerage Improvement	7/1/2027	\$ 1,213,072 ¹
1/1/2014	\$2,433,874	GEFA Loan DW-08-003P / Water and Sewerage Improvement	12/1/2033	\$ 1,612,445 ¹
			Total	\$25,380,517

- (1) The GEFA Loans are unsecured obligations of the City paid with System revenues. The interest rate on the GEFA Loans is zero percent (0%).

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Debt Service Requirements

Following are the principal and interest payment requirements with respect to the Bonds for the annual periods shown below. For purposes of calculating the principal payable in any annual period, the relevant maturity or mandatory redemption amount is used.

<u>Year Ending September 1</u>	Series 2020 Bonds		<u>Total Debt Service Requirements</u>
	<u>Principal</u>	<u>Interest^(a)</u>	
2021	\$ 340,000.00	\$ 433,596.38	\$ 773,596.38
2022	490,000.00	547,925.82	1,037,925.82
2023	495,000.00	544,980.90	1,039,980.90
2024	500,000.00	541,298.10	1,041,298.10
2025	505,000.00	536,438.10	1,041,438.10
2026	505,000.00	530,772.00	1,035,772.00
2027	515,000.00	523,707.06	1,038,707.06
2028	695,000.00	515,987.22	1,210,987.22
2029	710,000.00	503,595.36	1,213,595.36
2030	720,000.00	490,226.06	1,210,226.06
2031	740,000.00	475,588.46	1,215,588.46
2032	755,000.00	459,804.26	1,214,804.26
2033	875,000.00	442,945.10	1,317,945.10
2034	910,000.00	422,531.36	1,332,531.36
2035	935,000.00	400,391.06	1,335,391.06
2036	960,000.00	376,707.50	1,336,707.50
2037	985,000.00	348,627.52	1,333,627.52
2038	1,015,000.00	319,816.26	1,334,816.26
2039	1,040,000.00	290,127.50	1,330,127.50
2040	1,070,000.00	258,667.50	1,328,667.50
2041	1,110,000.00	226,300.02	1,336,300.02
2042	1,140,000.00	192,722.50	1,332,722.50
2043	1,175,000.00	156,527.52	1,331,527.52
2044	1,210,000.00	119,221.26	1,329,221.26
2045	1,255,000.00	80,803.76	1,335,803.76
2046	<u>1,290,000.00</u>	<u>40,957.52</u>	<u>1,330,957.52</u>
Total	<u>\$21,940,000.00</u>	<u>\$9,780,266.10</u>	<u>\$31,720,266.10</u>

(a) Includes the Series 2020A Bonds and the Series 2020B Bonds and excludes the Refunded Bonds.

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Following are the principal payment requirements with respect to the GEFA Loans for the annual periods shown below. The interest rate on the GEFA loans is zero percent (0%).

Year Ending September 1	GEFA Loan DW-99-01P ^(a)	GEFA Loan DW-08-003P ^(b)	GEFA Loans Combined
2021	\$173,296	\$121,694	\$294,990
2022	173,296	121,694	294,990
2023	173,296	121,694	294,990
2024	173,296	121,694	294,990
2025	173,296	121,694	294,990
2026	173,296	121,694	294,990
2027	173,296	121,694	294,990
2028	-	121,694	121,694
2029	-	121,694	121,694
2030	-	121,694	121,694
2031	-	121,694	121,694
2032	-	121,694	121,694
2033	-	121,694	121,694
2034	<u>-</u>	<u>30,423</u>	<u>30,423</u>
Total	<u>\$1,213,072</u>	<u>\$1,612,445</u>	<u>\$2,825,517</u>

(a) Annual principal amounts on GEFA Loan DW-99-01P are payable in quarterly installments.

(b) Annual principal amounts on GEFA Loan DW-08-003P are payable in monthly installments.

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LITIGATION

The City, like other similar governmental bodies, is subject to a variety of suits and proceedings arising in the ordinary conduct of its affairs. The City, after reviewing the current status of all pending and threatened litigation, believes that, while the outcome of the litigation cannot be predicted, the final settlement of all lawsuits which have been filed and of any actions or claims pending or threatened against the City or its officials in such capacity are adequately covered by insurance or will not have a material adverse effect upon the financial position of the City.

There is no controversy or litigation pending, or to the knowledge of the City threatened, seeking to restrain or enjoin the issuance, sale, execution or delivery of any of the Bonds or the collection, payment, or receipt of the revenues pledged or to be pledged to pay the principal of, premium, if any, and interest on the Bonds or in any way contesting or affecting the validity of the Bonds or the Bond Ordinance, the power to collect, pay or receive the moneys with which to pay the Bonds, or the organization or powers of the City, including the power to operate the System and to collect revenues therefrom.

VALIDATION AND APPROVAL OF LEGAL PROCEEDINGS

As required by the laws of the State of Georgia, the City has caused proceedings to be instituted to validate the Bonds. The issuance of the Bonds is contingent upon an order by the Superior Court of Lamar County, Georgia validating the Bonds and the security therefor. Under the applicable laws of the State of Georgia, any citizen of the State of Georgia residing in the City has the opportunity to intervene and become a party to the validation proceeding. A final validation order was received from the Superior Court of Lamar County on November 4, 2020.

The issuance and delivery of the Bonds by the City are subject to the approving legal opinion of Alston & Bird LLP. Copies of such opinion will be available at the time of the delivery of the Bonds and will be printed on the Bonds. A copy of the proposed opinion is attached to this Official Statement as "APPENDIX E." Certain other legal matters will be passed upon by Haygood, Lynch, Harris, Melton & Watson, LLP, counsel to the City. Alston & Bird LLP is also serving as disclosure counsel to the City.

TAX MATTERS

General. In the opinion of Bond Counsel, under current law, interest on the Bonds (i) is included in gross income of the owners thereof for federal income tax purposes, and (ii) will be exempt from State of Georgia income taxation. In addition, ownership of the Bonds may result in certain collateral federal income tax consequences herein described.

The ownership of obligations, such as the Bonds, may result in collateral consequences to certain taxpayers, including without limitation, an S corporation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, a borrower of money to purchase or carry the Bonds, an individual claiming the earned income credit, and individuals receiving Social Security or railroad retirement benefits, or taxpayers who may have a tax imposed on passive income, which includes interest on tax-exempt obligations, such as the Bonds. Prospective purchasers of the Bonds shall consult their tax advisors as to the applicability of any such collateral consequences.

It is possible that future events or changes in applicable law could change the tax treatment of the interest on the Bonds or affect the market price of the Bonds. Bond Counsel is not responsible for updating its opinion in the future.

State of Georgia. In the opinion of Bond Counsel, under the existing laws of the State, interest on the Bonds is exempt from all present state income taxation in Georgia. Interest on the Bonds may or may not be subject to state or local income taxation in jurisdictions other than Georgia under applicable state or local laws. Each prospective purchaser of the Bonds should consult his own tax advisor as to the status of interest on the Bonds under the tax laws of any state other than Georgia.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authority, and represents Bond Counsel's judgment as to the proper treatment of the Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the City or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The City has covenanted to comply with the requirements of the Code.

Information Reporting and Backup Withholding. Information reporting requirements apply to interest on obligations such as the Bonds. Information returns may be filed with the IRS in connection with payments on the Bonds and the proceeds from a sale, exchange, or other disposition of the Bonds. In general, such requirements are satisfied if the interest recipient completes and provides the payor with a Form W-9, "Request for Taxpayer Identification Number and Certification," or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

The amount of any backup withholding made from a payment will be allowable as a credit against the holder's United States federal income tax liability and may entitle the holder to a refund, provided that the holder timely furnishes the required information to the IRS. United States holders should consult their tax advisors regarding the application of information reporting and backup withholding rules in their particular situations, the availability of an exemption therefrom, and the procedure for obtaining such an exemption, if applicable.

Consult Own Tax Advisor. There are many events that could affect the value, liquidity and/or marketability of the Bonds after their issuance, including but not limited to public knowledge of an audit of the Bonds by the IRS, a general change in interest rates for comparable securities, a change in federal or state income tax rates, federal or state legislative or regulatory proposals affecting state and local government securities, and changes in judicial interpretation of existing law. In addition, certain tax considerations relevant to owners of the Bonds who purchase the Bonds after their issuance may be different from those relevant to purchasers upon issuance. Neither the opinion of Bond Counsel nor this Official Statement purports to address the likelihood or effect of any such potential events or such other tax considerations. Potential investors should consult their own tax advisors in determining the federal, state, local, and other tax consequences to them of the purchase, ownership, and disposition of the Bonds.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, AGM will issue its Insurance Policy for the Bonds. The Insurance Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as "APPENDIX F" to this Official Statement.

The Insurance Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Assured Guaranty Municipal Corp.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and international public finance (including infrastructure) and structured finance markets and, as of October 1, 2019, asset management services. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A2" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On October 29, 2020, KBRA announced it had affirmed AGM's insurance financial strength rating of "AA+" (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

On July 16, 2020, S&P announced it had affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On August 13, 2019, Moody's announced it had affirmed AGM's insurance financial strength rating of "A2" (stable outlook). AGM can give no assurance as to any further ratings action that Moody's may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2019.

Capitalization of AGM

At September 30, 2020:

- The policyholders' surplus of AGM was approximately \$2,671 million.
- The contingency reserves of AGM and its indirect subsidiary Municipal Assurance Corp. ("MAC") (as described below) were approximately \$1,042 million. Such amount includes 100% of AGM's contingency reserve and 60.7% of MAC's contingency reserve.
- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately \$2,111 million. Such amount includes (i) 100% of the net unearned premium reserve and deferred ceding commission income of AGM, (ii) the net unearned premium reserves and net deferred ceding commissions of AGM's wholly owned subsidiaries Assured Guaranty (Europe) plc ("AGE UK") and Assured Guaranty (Europe) SA ("AGE SA"), and (iii) 60.7% of the net unearned premium reserve of MAC.

The policyholders' surplus of AGM and the contingency reserves, net unearned premium reserves and deferred ceding commission income of AGM and MAC were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGE UK and AGE SA were determined in accordance with accounting principles generally accepted in the United States of America.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

- (i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2019 (filed by AGL with the SEC on February 28, 2020);
- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2020 (filed by AGL with the SEC on May 8, 2020);
- (iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2020 (filed by AGL with the SEC on August 7, 2020); and
- (iv) the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2020 (filed by AGL with the SEC on November 6, 2020).

All information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof “furnished” under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC’s website at <http://www.sec.gov>, at AGL’s website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Municipal Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL’s website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the caption “BOND INSURANCE – Assured Guaranty Municipal Corp.” or included in a document incorporated by reference herein (collectively, the “AGM Information”) shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AGM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading “BOND INSURANCE”.

RATINGS

S&P Global Ratings (“S&P”), 55 Water Street, New York, New York, is expected to assign the rating of “AA” (stable outlook) to each series of the Bonds based upon the issuance of the Insurance Policy by the Bond Insurer at the time of delivery of the Bonds. S&P has assigned the rating of “A” (stable outlook) to each series of the Bonds without regard to the issuance of the Insurance Policy by the Bond Insurer. The ratings reflect only the opinion of S&P. Any explanation of the significance of the ratings may be obtained only from S&P.

There is no assurance that a rating, if assigned, will continue for any given period of time, or that such rating will not be revised, suspended or withdrawn, if, in the judgment of S&P, circumstances so warrant. A revision, suspension or withdrawal of a rating may have an adverse effect on the market price of the Bonds.

MUNICIPAL ADVISOR

The City has retained Crews & Associates, Inc., Atlanta, Georgia (“Financial Advisor”) as municipal advisor in connection with matters relating to the planning, structuring and issuance of the Bonds. In that capacity, the Financial Advisor has assisted in the preparation and review of this Official Statement; however, the Financial Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of such information.

VERIFICATION

The accuracy of (i) the mathematical computations of the adequacy of the maturing principal and interest on the Government Obligations, if any, used to pay the principal, premium and interest on the Refunded Bonds as described under the caption "PLAN OF REFUNDING" herein, and (ii) the mathematical computations supporting the conclusion that the Bonds are not "arbitrage bonds" under the Code, will be verified by independent certified public accountants. Bond Counsel will rely on said verification in rendering its opinion as to the exclusion of interest on the Bonds from the owners thereof for federal income tax purposes (unless the Escrow Fund is gross funded, in which case no verification agent will be required).

EXPERTS

The Financial Statements for the City included in "APPENDIX C" of this Official Statement have been examined by J. Robyn Underwood, C.P.A., Barnesville, Georgia, independent certified public accountant, as indicated in her reports thereon and are included herein with the consent of said independent certified public accountant in reliance upon the authority of J. Robyn Underwood, C.P.A., Barnesville, Georgia, as an expert in accounting and auditing in giving such reports.

UNDERWRITING

Stephens Inc. (the "Underwriter") has agreed to purchase the Bonds pursuant to a Bond Purchase Agreement entered into between the County and the Underwriter. The price and other terms regarding underwriting of the Bonds were established through negotiation. The Underwriter has agreed to purchase the Bonds, subject to certain conditions set forth in the Bond Purchase Agreement, at a purchase price of \$21,852,187.02, which represents the par amount of the Series 2020 Bonds of \$21,940,000, less underwriter's discount of \$87,812.98. The Bond Purchase Agreement provides that the Underwriter will purchase all of the Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the Bond Purchase Agreement. The Underwriter intends to offer the Bonds to the public initially at the offering prices shown on the cover page hereof, which prices may subsequently change without any requirement of prior notice. The Underwriter reserves the right to join with other dealers and underwriters in offering the Bonds to the public. The Underwriter may offer and sell the Bonds to certain dealers at prices lower than the public offering.

ACCURACY AND COMPLETENESS OF OFFICIAL STATEMENT

The references, excerpts and summaries of all documents referred to herein do not purport to be complete statements of the provisions of such documents and reference is directed to all such documents for full and complete statements of all matters of fact relating to the Bonds, the security for the payment of the Bonds, and the rights and obligations of the holders thereof. The information contained in this Official Statement has been compiled from official and other sources believed to be reliable and, while not guaranteed as to completeness or accuracy, is believed to be correct as of this date.

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Neither this Official Statement nor any statement that may have been made orally or in writing is to be construed as a contract with the owners of the Bonds.

The Appendices hereto are integral parts of this Official Statement and must be read in their entirety together with all foregoing statements.

AUTHORIZATION OF OFFICIAL STATEMENT

The execution and delivery of this Official Statement, and its distribution and use by the Underwriter, have been duly authorized and approved by the City.

CITY OF BARNESVILLE

By: /s/ Peter L. Banks
Peter L. Banks, Mayor

APPENDIX A

BARNESVILLE GENERAL INFORMATION

Introduction

The City is the county seat and the largest incorporated city in Lamar County, Georgia (the “County”). The City is located at the approximate geographical center of the County, and is approximately 50 miles south/southeast of Atlanta and approximately 35 miles northwest of Macon.

The City was founded in 1820 and was incorporated in 1854. The County was created in 1920 from territory formerly in Monroe and Pike County.

Population

The population trend for the City and the County is shown below:

<u>Year</u>	<u>Barnesville</u>	<u>Lamar County</u>
1980	4,887	12,215
1990	4,747	13,380
2000	5,872	15,912
2010	6,725	18,311
2019 July	6,659	19,077

Source: U.S. Census Bureau

Form of Government

The City has an elected mayor and five council members who are elected for four-years staggered terms. The City Manager oversees the daily operations of the administrative, police, fire, streets, cemetery, sanitation, recreation, electrical, water and sewer divisions of City government.

The names of the Mayor and the members of the Council of the City, the expiration of their terms of office and their occupations are listed below:

<u>Name</u>	<u>Term Expires</u>	<u>Occupation</u>
Peter L. Banks, Mayor	December 31, 2023	Retired Attorney
Larry B. Whitworth, Mayor Pro Tem, Ward 4	December 31, 2021	Retired
William Claxton, Councilmember, Ward 1*	November 3, 2020	Sales Manager
Christopher Hightower, Councilmember, Ward 2	December 31, 2021	Teacher/Educator
Sammie D. Shropshire, Councilmember, Ward 3	December 31, 2023	Business Person
Cecil “Butch” McDaniel, Councilmember, Ward 5	December 31, 2021	Business Person

*Sworn in August 17, 2020. Won special election held for the unexpired term of the previous Councilmember, who passed away.

Source: City of Barnesville

The day to day operations of the City are managed by David K. Rose, City Manager. He has been serving as City Manager for the City since 2018, and has been serving in managerial positions within the City since 1992. The City Manager is appointed by the City Council of Barnesville and serves at its pleasure.

The City Accountant is Tammy York who has been serving as the City Accountant since 2018. She has worked in the Accounting Department since 2005. The City has 57 full-time employees, none of whom are represented by independent collective bargaining agencies.

Per Capita Income

The following chart sets forth the per capita income for the County, the State and the United States for the past five years.

<u>Year</u>	<u>Per Capita Income</u>		
	<u>Lamar County</u>	<u>Georgia</u>	<u>United States</u>
2015	29,742	33,499	39,461
2016	31,106	34,893	40,208
2017	32,395	33,980	39,626
2018	33,079	35,490	40,584
2019	-	-	-

Source: U.S. Bureau of Economic Statistics/Bureau of Economic Analysis.

Employment

The County economy is diversified, with manufacturing, services and retail trade accounting for over 70% of total employment. The tables below show the average monthly employment composition of workers covered by workmen's compensation insurance for the County for the first quarter of 2020 and the State for 2019.

	<u>Lamar County</u>	<u>Georgia</u>
Agriculture, Forestry, Fishing & Hunting	1.4%	0.5%
Mining	*	0.1
Manufacturing	18.8	9.0
Construction	2.2	4.5
Utilities	2.4	0.4
Transportation & Warehousing	1.2	4.6
Wholesale Trade	*	4.9
Retail Trade	11.7	10.9
Accommodation & Food Services	8.3	9.8
Health Care & Social Assistance	6.8	11.2
Finance & Insurance	2.9	3.8
Service-Providing	49.2	71.0
Unclassified	0.2	0.4
Total – Private Sector	<u>71.9</u>	<u>85.5</u>
Total - Government	<u>28.1</u>	<u>14.5</u>
Total – All Industries	<u>100.0</u>	<u>100.0</u>

* Industry group does not meet criteria for disclosure.

Sources: U.S. and Georgia Departments of Labor.

Unemployment Rates

The following table shows a comparison of the unemployment rates in the County, the State, and the United States for each of the past five years.

<u>Year</u>	<u>Lamar County</u>	<u>Georgia</u>	<u>U.S.</u>
2015	6.3%	5.7%	5.3%
2016	5.6	5.4	4.9
2017	4.2	4.4	4.4
2018	3.8	3.7	3.9
2019	3.9	3.4	3.7

Sources: U.S. and Georgia Departments of Labor

Largest Private Employers

The following table shows the ten largest private employers in the City for the year ended September 30, 2019.

<u>Employer</u>	<u>Products or Service</u>	<u>Employees</u>
1. Jordan Lumber	Wood Products	194
2. Ingles	Grocery Store	139
3. Heritage Inn	Nursing Home	130
4. United Bank	Banking	71
5. McDonald's	Fast Food	61
6. Giant Mart	Grocery Store	46
7. Zaxby's	Fast Food	40
8. CoastalHomeCare	Home Care Service	39
9. Wendy's	Fast Food	30
10. Dairy Queen	Fast Food	28

Source: City of Barnesville

Largest Public Employers

The following table shows the ten largest public employers in the City for the year ended September 30, 2019.

<u>Employer</u>	<u>Number of Employees</u>
1. Lamar County Board of Education	383
2. Gordon State College	257
3. Lamar County	175
4. City of Barnesville	56
5. DFACS	23
6. US Post Office	23
7. Lamar Co. Counseling	13
8. Lamar Co. Health Department	10
9. Barnesville Housing Authority	7
10. Pike-Lamar Services	3

Source: City of Barnesville

Category of Land Use

Set forth below are the percentages of land use for various purposes within the City for the last five calendar years, computed based upon the assessed values of the various categories for ad valorem property tax purposes.

<u>Year</u>	Category of Land Use				
	<u>Residential</u>	<u>Agricultural</u> ¹	<u>Commercial</u>	<u>Industrial</u>	<u>Other</u> ²
2019	42.4%	0.1%	29.1%	25.8%	2.6%
2018	35.6	0.1	28.5	32.4	4.4
2017	35.6	0.1	26.7	32.7	4.9
2016	35.6	0.1	28.2	31.9	4.2
2015	33.3	0.1	26.1	35.8	4.7

⁽¹⁾ Above percentages are based on the assessed value of land.

⁽²⁾ Includes conservation use, utility, motor vehicle, mobile home, historical, preferential, brownfield property and environmentally sensitive.

Source: Georgia Department of Revenue: Tax Digest Consolidated Summary.

Special Purpose Local Options Sales Tax

The County's special purpose local option sales tax has generated the amounts in the table below over the last five calendar years.

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$633,700	\$676,522	\$551,376	\$607,857	\$779,406

Source: City of Barnesville

Building Permits

The dollar value of building permits issued within the City for the years ended September 30, 2006 through September 30, 2011 are shown in the following table:

<u>Year</u>	<u>Residential</u> <u>Property</u>	<u>Commercial</u> <u>Property</u>	<u>Other</u>	<u>Total</u>
2015	\$5,132	\$8,423	\$0	\$13,555
2016	2,887	1,272	0	4,159
2017	1,421	2,254	0	3,675
2018	5,840	18,686	14,687	39,213
2019	<u>12,724</u>	<u>1,017</u>	<u>0</u>	<u>13,741</u>
Subtotals	\$28,004	\$31,652	\$14,687	\$74,343

Source: City of Barnesville

The number of building permits issued within the City for calendar years 2006 to 2011 are shown in the following table:

<u>Year</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Other</u>	<u>Total</u>
2015	10	8	0	18
2016	19	8	0	27
2017	11	7	0	18
2018	26	15	3	44
2019	43	17	0	60

Source: City of Barnesville

Health Facilities

The area is served by 13 medical doctors and 2 dentists. One nursing home with a total of 117 beds and one assisted living facility with 34 beds are located in the County, and several major medical acute care facilities are located nearby in the Atlanta area.

Education

Public educational facilities are provided by the Lamar County School District (the “District”), which operates four schools staffed by 165 teachers serving approximately 2,527 students. The current student-teacher ratio is 16 to 1. Current enrollment for the fall of 2020 is 2681.

There are three private schools in the County.

Vocational educational facilities are available in Upson and Spalding County. Higher educational facilities are available at Gordon College inside the City limits, as well as the 19 colleges and universities in the nearby Atlanta area.

Commercial Services

Communications: The newspaper of highest daily circulation is the Griffin Daily News. There is one weekly newspaper, and there are 2 online newspapers, www.barnesville.com and www.barnesvilledispatch.com, in the County. Ten television channels can be received in the County and cable television service is available. One local FM radio station operates within the County.

Financial: There is one local bank within the County with total assets in excess of \$1 billion.

Public Accommodations: There are 20 restaurants and 2 motels within the County, together with numerous meeting facilities.

Municipal Services

The City has 5 full-time fire personnel and 24 volunteer City personnel operating 24 hours a day. The fire insurance classification is 4 for the City and 9 for the County.

Police services are provided within the City limits by 18 full-time police personnel.

The City provides weekly household garbage and weekly rubbish pickup service to residential households and commercial customers.

The City has a zoning ordinance and subdivision design standards (Southern Building Code). A full-time code enforcement officer/building inspector is employed by the City.

Transportation

Interstate Highway 75, U.S. Highway 41, and State highways 18 and 36 serve the City and the County. Several freight carriers provide service to the area.

Local rail service is provided by both Norfolk Southern and CSX to the City, while piggyback service through CSX is available in Atlanta.

Easy access to commercial air service is available in Atlanta at Hartsfield-Jackson Atlanta International Airport.

Utilities

Electric, water and sewerage services are provided both inside and to certain areas outside the City by the City. The City is a member of the Municipal Electric Authority of Georgia. Natural gas is provided to the City by Georgia Natural Gas and is available in industrial quantities on both a firm and an interruptible basis. Local telephone service is provided by AT&T.

Pensions

On September 19, 1977, the City passed an ordinance whereby it adopted a defined benefit pension plan that covers officials and employees with one or more years of service. The plan benefit provisions are established and may be amended under the authority of the City Council. The City contributes to the Georgia Municipal Employees Benefit System (“GMEBS”), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for cities in the State. GMEBS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. GMEBS issues a publicly available financial report that includes financial statements and required supplementary information for the City. City employees are not required to contribute to GMEBS. The City is required to contribute 100% of the amounts necessary to fund the System using the actuarial basis specified by statute. The current contribution rate is 16.63% of annual covered payroll. The contribution requirements of plan members are established and may be amended by the GMEBS Board of Trustees. The City's contributions to GMEBS and the required contributions for the past five years are as follows:

<u>Year</u>	<u>City's Contributions</u>	<u>Required Contributions</u>
2019	\$241,038	\$241,038
2018	226,428	226,428
2017	223,688	223,688
2016	216,720	216,720
2015	241,434	241,434

GASB 68

The Government Accounting Standards Board (GASB) has issued Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68) and related GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment to GASB 68, which revised existing standards for measuring and reporting pension liabilities for pension plans provided to City employees and require recognition of a liability equal to the City's proportionate share of net pension liability, which is measured as the total pension liability less the amount of the pension plan's fiduciary net position.

The City's proportionate shares of the pension costs and the City's net pension liability for GMEBS for the past four years are as follows:

<u>Year</u>	Proportionate Share of <u>Pension Costs</u>	Net Pension <u>Liability</u>
2019	10.03%	\$701,947
2018	8.21	926,468
2017	8.12	1,737,389
2016	8.27	1,449,050
2015	8.33	977,424

For more information regarding GASB 68 with respect to the Issuer, please reference "Note 3-H, Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions" of the City's Financial Statements for fiscal year ended September 30, 2019, an excerpt of which is included as Appendix C of this Official Statement.

Other Postemployment Benefits

The City does not provide other postemployment benefits to its employees.

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APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE ORDINANCE

Certain Definitions

The following terms, as used in this Summary and elsewhere in this Official Statement, are used with the following meanings:

“Additional Bonds” means any revenue bonds of the City ranking on a parity with the Bonds, which may hereafter be issued pursuant to the Bond Ordinance.

“Beneficial Owner” means the owners of a beneficial interest in Bonds registered in the Book-Entry Form.

“Bond Ordinance” means that certain bond ordinance adopted by the Council of the City on September 30, 2020, as the same may be amended, restated and supplemented from time to time, including as amended and restated on October 29, 2020.

“Bond Registrar” means the commercial bank or trust company, its successors and assigns, appointed by the City to maintain, in accordance with the provisions of the Bond Ordinance and any supplemental ordinance, the registration books of the City for any series of Bonds secured by the Bond Ordinance.

“Bondholder” and **“bondholder”** means the registered owner of any of the outstanding Bonds.

“Book-Entry Form” or **“Book-Entry System”** means, with respect to the Bonds, a form or system, as applicable, under which (i) the ownership of Beneficial Interests in the Bonds may be transferred only through book-entry and (ii) physical Bonds in fully-registered form are registered only in the name of a Securities Depository or a Securities Depository nominee, with the physical Bonds in the custody of a Securities Depository or a Securities Depository nominee.

“Bonds” means, collectively, the Series 2020A Bonds and the Series 2020B Bonds, or any revenue bonds authorized by and issued pursuant to the Bond Ordinance, including the Series 2020A Bonds and the Series 2020B Bonds and any Additional Bonds of the City issued pursuant to the Bond Ordinance, in accordance with the context in which such term is used.

“City” means the City of Barnesville, a municipal corporation of the State of Georgia.

“Consulting Engineer” means such engineer, engineers or engineering firm that might hereafter be employed in lieu thereof in relation to the supervision of the additions, extensions and improvements to be made to the System and in relation to the services to be rendered as contemplated by the Bond Ordinance.

“Debt Service Reserve Requirement” means, as of any date of calculation, an amount not less than the least of (a) 10% of the outstanding principal amount of the Bonds, (b) the maximum annual principal of and interest on the Bonds payable in any Sinking Fund Year, or (c) 125% of average annual debt service on the Bonds; provided, however, with respect to Bonds that are variable rate bonds it shall be assumed that such Bonds bear interest through maturity at that rate which the original purchaser of such Bonds certifies as of the date of issuance thereof would have borne had such Bonds borne a fixed, constant rate of interest.

“Debt Service Reserve Surety Bond” means the Debt Service Reserve Surety Bond issued by Insurer, if applicable.

“Escrow Agent” means U.S. Bank National Association, Nashville, Tennessee.

“Escrow Deposit Agreement” means that certain Escrow Deposit Agreement dated as of the date thereof between the City and the Escrow Agent.

“Fiscal Year” means the period commencing on the 1st day of October in each year and extending through the 30th day of September in such year, or such other period as adopted by the City.

“Interest Payment Date” means March 1 and September 1 of each year, except that with respect to any series of Additional Bonds that bear interest at a variable rate, the City may provide in a supplemental ordinance for any other interest payment dates as it deems appropriate.

“Insurer” means, if applicable, the provider of the Municipal Bond Insurance Policy, or any successor thereto or assignee thereof.

“Municipal Bond Insurance Policy” means, if applicable, the insurance policy issued by Insurer guaranteeing the scheduled payment of principal of and interest on the Bonds when due.

“Net Revenues” means all revenues arising from the City’s ownership and operation of the System and properties in connection therewith as it now exists and as it may hereafter be added to, extended or improved remaining in the Revenue Fund after the payment in each month of all reasonable and necessary costs of operating, maintaining and repairing the System, including, without limitation, salaries, wages, the payment of any contractual obligations incurred pertaining to the operation of the System, the cost of materials and supplies, the cost of purchased water, including hedging costs associated with such purchases, rentals of leased property, real or personal, insurance premiums, audit fees and such other charges as may properly be made for the purpose of operating, maintaining and repairing the System in accordance with sound business practices, but before making provision for depreciation coming due in such month (the “Operating Expenses”) and the retention of a balance equal to the preceding six months’ Operating Expenses to meet the working capital needs of the System.

“Paying Agent” means U.S. Bank National Association, Nashville, Tennessee.

“Permitted Investments” means and includes any of the following securities, if and to the extent the same are at the time legal for investment of the City funds:

(a) the local government investment pool created in Chapter 83 of Title 36 of the Official Code of Georgia Annotated, as amended;

(b) bonds or obligations of the State of Georgia, or of other counties, municipal corporations, and political subdivisions of the State of Georgia;

(c) bonds or other obligations of the United States or of subsidiary corporations of the United States government which are fully guaranteed by such government;

(d) obligations of agencies of the United States government issued by the Federal Land Bank, the Federal Home Loan Bank, the Federal Intermediate Credit Bank, and the Central Bank for Cooperatives;

(e) bonds or other obligations issued by any public housing agency or municipal corporation in the United States, which such bonds or obligations are fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States government, or project notes issued by any public housing agency, urban renewal agency, or municipal corporation in the United States which are fully secured as to payment of both principal and interest by a requisition, loan, or payment agreement with the United States government;

(f) certificates of deposit of national or state banks located within the State of Georgia which have deposits insured by the Federal Deposit Insurance Corporation and certificates of deposit of federal savings and loan associations and state building and loan or savings and loan associations located within the State of Georgia which have deposits insured by the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation or the Georgia Credit Union Deposit Insurance Corporation, including the certificates of deposit of any bank, savings and loan association, or building and loan association acting as depository, custodian, or trustee for any of the proceeds of the Certificates. The portion of such certificates of deposit in excess of the amount

insured by the Federal Deposit Insurance Corporation, the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation or the Georgia Credit Union Deposit Insurance Corporation, if any, shall be secured by deposit, with the Federal Reserve Bank of Atlanta, Georgia, or with any national or state bank or federal savings and loan association or state building and loan or savings and loan association located within the State of Georgia, of one or more of the following securities in an aggregate principal amount equal at least to the amount of such excess: direct and general obligations of the State of Georgia or of any county or municipal corporation in the State of Georgia, obligations of the United States or subsidiary corporations referred to in paragraph (c) above, obligations of the agencies of the United States government referred to in paragraph (d) above, or bonds, obligations, or project notes of public housing agencies, urban renewal agencies, or municipalities referred to in paragraph (e) above;

(g) securities of or other interests in any no-load, open-end management type investment company or investment trust registered under the Investment Company Act of 1940, as from time to time amended, or any common trust fund maintained by any bank or trust company which holds such proceeds as trustee or by an affiliate thereof so long as:

- (i) the portfolio of such investment company or investment trust or common trust fund is limited to the obligations referred to in paragraph (c) above and repurchase agreements fully collateralized by any such obligations;
- (ii) such investment company or investment trust or common trust fund takes delivery of such collateral either directly or through an authorized custodian;
- (iii) such investment company or investment trust or common trust fund is managed so as to maintain its shares at a constant net asset value; and
- (iv) securities of or other interests in such investment company or investment trust or common trust fund are purchased and redeemed only through the use of national or state banks having corporate trust powers and located within the State of Georgia; and

(h) repurchase agreements with respect to the foregoing investments consented to by the Insurer, if applicable; and

(i) any other investments authorized by the laws of the State of Georgia.

“Person” means natural persons, firms, associations, corporations and public bodies.

“Principal and Interest Requirements” means the amounts required in each Sinking Fund Year to pay the principal (whether at maturity or by scheduled mandatory redemption) of and interest on the Bonds and any Additional Bonds hereafter issued as the same become due and payable.

“Refunded Bonds” means collectively the City’s \$19,935,000 in aggregate principal amount of Water and Sewerage Revenue Refunding and Improvement Bonds, Series 2011A, which are currently outstanding in the aggregate principal amount of \$19,105,000, and its \$3,830,000 in aggregate principal amount of Water and Sewerage Revenue Improvement Bonds, Series 2011C, which are currently outstanding in the aggregate principal amount of \$3,450,000.

“Renewal and Extension Fund” means the City of Barnesville Renewal and Extension Fund created in Section 502 and Paragraph 3 of the Bond Ordinance.

“Renewal and Extension Fund Depository” means initially United Bank Corporation, Barnesville, Georgia, its successors and assigns, or any successor depository for the Renewal and Extension Fund hereafter appointed by the City; provided, however, the Renewal and Extension Fund Depository shall at all times be a commercial bank.

“Reserve Account” means the Debt Service Reserve Account created in Section 502, Paragraph 2 of the Bond Ordinance and held within the Sinking Fund.

“Revenue Bond Law” means the Revenue Bond Law (O.C.G.A. Sections 36-82-60 through 36-82-85), as same may hereafter be amended from time to time.

“Revenue Fund” means the City of Barnesville Revenue Fund created in Section 502 of the Bond Ordinance.

“Revenue Fund Depository” means initially United Bank Corporation, Barnesville, Georgia, its successors and assigns, or any successor depository for the Revenue Fund hereafter appointed by the City; provided, however, the Revenue Fund Depository shall at all times be a commercial bank.

“Sinking Fund” means the City of Barnesville Sinking Fund created in Section 502, Paragraph 2 of the Bond Ordinance.

“Sinking Fund Depository” means initially United Bank Corporation, Barnesville, Georgia, its successors and assigns, or any successor depository for the Sinking Fund hereafter appointed by the City; provided, however, the Sinking Fund Depository shall at all times be a commercial bank or trust company.

“Sinking Fund Year” means the period commencing on the 2nd day of September in each year and extending through the 1st day of September in the next year.

“System” means the City’s water and sewerage system, as now exists and as may hereafter be added to, extended and improved.

“Series 2020A Bonds” means the City’s Water and Sewerage Revenue Refunding Bonds, Taxable Series 2020A, issued in the aggregate principal amount of \$18,585,000.

“Series 2020B Bonds” means the City’s Water and Sewerage Revenue Refunding Bonds, Taxable Series 2020B, issued in the aggregate principal amount of \$3,355,000.

Capitalized terms not otherwise defined in this summary shall have the meanings assigned in the Bond Ordinance.

Whenever used in the Bond Ordinance, the singular shall include the plural and the plural shall include the singular, unless the context otherwise indicates.

THE BOND ORDINANCE

The following, in addition to the information contained in the Official Statement under the captions “THE BONDS” and “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” is a summary of certain provisions of the Bond Ordinance. The summary does not purport to be complete and is qualified in its entirety by express reference to the Bond Ordinance, a copy of which is on file in the offices of the City.

Revenues and Funds

Commencing with the month in which the Bonds are issued and delivered, all revenues arising from the ownership or operation of the System and properties in connection therewith as it now exists and as it may hereafter be added to, extended or improved shall be collected by the City or by its agents or employees and deposited promptly with the depository to the credit of a special fund created under the Bond Ordinance and designated as “City of Barnesville Water and Sewerage System Revenue Fund” (the “Revenue Fund”), and the City shall continue to maintain the Revenue Fund separate and apart from its other funds so long as the Bonds and any future issue or issues of Additional Bonds therewith hereafter issued are outstanding and unpaid or until provision shall have been duly made for the payment thereof. Said revenues shall be disbursed from the Revenue Fund to the extent and in the following manner and order:

1. Costs of System. There shall first be paid from the Revenue Fund in each month all reasonable and necessary costs of operating, maintaining and repairing the System, including, without limitation, salaries, wages, the payment of any contractual obligations incurred pertaining to the operation of the System, the cost of materials and supplies, the cost of purchased water, including hedging costs associated with such purchases, rentals of leased property, real or personal, insurance premiums, audit fees and such other charges as may properly be made for the purpose of operating, maintaining and repairing the System in accordance with sound business practice, but before making provision for depreciation coming due in such month (the “Operating Expenses”), and then there shall be retained in the Revenue Fund a balance equal to the preceding six months’ aggregate Operating Expenses to meet the working capital needs of the System.

The Net Revenues of the System remaining in the Revenue Fund after the payment of the sums required or permitted to be paid or retained under the provisions of this paragraph (1) are pledged under the Bond Ordinance to the payment of the principal of and the interest on, and the redemption premium, if any, on all the Bonds issued under the Bond Ordinance, including any Additional Bonds. Said Net Revenues so pledged shall immediately be subject to a lien of this pledge without any physical delivery thereof or further act, and the lien of this pledge shall be valid and binding against the City and against all parties having claims of any kinds against the City, whether such claims have arisen in contract, tort or otherwise and irrespective of whether or not such parties have notice hereof.

2. Sinking Fund. There shall next be paid from the Revenue Fund into the special fund which is created under the Bond Ordinance and designated as “City of Barnesville Water and Sewerage System Sinking Fund” and the Sinking Fund shall consist of two accounts which are to be held therein, one of which is created by the Bond Ordinance and designated as the “Debt Service Account” and one of which is created by the Bond Ordinance and designated as the “Debt Service Reserve Account,” the following amounts:

(a) After there have been paid from the Revenue Fund the sums required or permitted to be paid pursuant to the provisions of paragraph (1) above, there shall be paid into the Debt Service Account for the purpose of paying the principal of and interest on the Bonds coming due in the then current Sinking Fund Year, whether by maturity, mandatory redemption, or otherwise, and taking into consideration moneys deposited therein simultaneously with the issuance and delivery of the Bonds and any interest earned on amounts on deposit in the Debt Service Account of the Sinking Fund, amounts which will equal the following amounts: (i) commencing with the month of November, 2020 and from month to month thereafter, an amount equal to one-fourth (1/4) of the interest on the Bonds coming due on March 1, 2021, and commencing with the month of March, 2021 and from month to month thereafter, an amount equal to one-sixth (1/6) of the interest on the Bonds coming due on the next succeeding September 1 or March 1, as the case may be, and (ii) commencing with the month of November, 2020 and from month to month thereafter, an amount

equal to one-tenth (1/10) of the principal on the Bonds coming due on September 1, 2021, and commencing with the month of September, 2021 and from month to month thereafter, an amount equal to one-twelfth (1/12) of the principal on the Bonds coming due on the next succeeding September 1, such monthly payments to continue from month to month until sufficient funds are on hand in the Sinking Fund to pay all of the outstanding Bonds as same mature or are acquired by mandatory redemption and the interest which will become due and payable thereon.

(b) After making the payments required to comply with subparagraph (a) above, there shall next be paid into said Debt Service Reserve Account such amounts as may be required to maintain such account in an amount equal to the Debt Service Reserve Requirement. The Debt Service Reserve Account shall be maintained for the purpose of paying the principal of and interest on the Bonds coming due in any year as to which there would otherwise be a default, and if money is taken from the Debt Service Reserve Account for the payment of such principal and interest, the money so taken shall be replaced in the Debt Service Reserve Account from the first moneys in the Revenue Fund thereafter available and not required to be used for maintenance and operation charges and not required to be paid into the Debt Service Account as hereinabove provided in subparagraph (a).

(c) All sums required to be deposited to comply with the provisions of subparagraphs (a) and (b) above shall be paid on or before the 25th day of the month in which the payment is due, and if, in any month, for any reason, the full amount required in the Bond Ordinance to be paid in such month shall not be paid into the Sinking Fund, any deficiency shall be added to and shall become a part of the amount required to be paid into the Sinking Fund in the next succeeding month; provided, however, the City covenants and agrees in the Bond Ordinance that in the event it hereafter elects to issue Additional Bonds, pursuant to the provisions of the Bond Ordinance, the above stated payments into the Sinking Fund will be increased to the extent necessary to pay the principal of and interest on the Bonds and on any Additional Bonds therewith then outstanding and on the Bonds proposed to be issued coming due, either at maturity or by proceedings for mandatory redemption, in the then current Sinking Fund Year and to create within five (5) years from the date of the Bonds to be issued and thereafter maintain a reserve for that purpose in an amount at least equal to the highest combined principal and interest requirements coming due in any succeeding Sinking Fund Year on the then outstanding Bonds, any outstanding Additional Bonds and on the Bonds proposed to be issued.

It is expressly provided in the Bond Ordinance, however, that if on the 2nd day of September in any year there are on deposit in the Debt Service Reserve Account moneys and securities (such securities to be valued at the lower of their market value or face amount, plus accrued interest thereon to September 2) the aggregate amount of which is in excess of the Debt Service Reserve Requirement such excess shall be withdrawn from the Debt Service Reserve Account and immediately deposited into the Revenue Fund. Any moneys in the Debt Service Account on such date shall be immediately withdrawn therefrom and deposited into said Revenue Fund. The calculation and determination of such excess amounts in accordance with this provision shall be the responsibility of an Authorized Officer of the City and Authorized Officer shall notify the Sinking Fund Depository and make or cause to be made any transfer of funds required pursuant to the provisions of this subparagraph. The Sinking Fund Depository shall be entitled to rely on such calculation and determination by the City.

3. Renewal and Extension Fund. After there have been paid from, or retained in, the Revenue Fund in each month the sums required or permitted to be paid or retained under the provisions of Paragraphs (1) and (2) above, there shall next be paid from the Revenue Fund into a special fund which is created under the Bond Ordinance and designated as "City of Barnesville Water and Sewerage System Renewal and Extension Fund" (hereinafter sometimes referred to as "Renewal and Extension Fund"), all of the moneys then remaining in the Revenue Fund. Expenditures shall be made from the Renewal and Extension Fund only for the purpose of: (a) in case of an emergency having a major effect upon the System caused by some extraordinary occurrence which makes it necessary to use the funds of the System for the alleviation or removal of such effects and an insufficiency of money exists in the Revenue Fund to meet such emergency; (b) making replacements, additions, extensions and improvements and acquiring equipment and paying the cost of any engineering studies, surveys or plans and specifications pertaining to the future development or expansion of the System deemed to be reasonable and to the best interest of

the City and the Bondholders; (c) payment of the charges of United Bank Corporation, Barnesville, Georgia (the "Renewal and Extension Fund Depository") for investment services; (d) funding any reserve fund established in connection with the issuance of Additional Bonds or paying the premium on any surety bond issued to fund any reserve fund established in connection with the issuance of Additional Bonds; or (e) paying principal of and interest on any revenue bonds then outstanding and falling due at any time for the payment of which money is not available in the sinking fund securing the payment of same and the interest thereon; or (f) after any uses set forth in (a) through (e) above at the end of each month, making transfers to the City's General Fund in accordance with its customary procedures; provided, however, that no such transfers to the City's General Fund are permitted unless, immediately after any such transfer, (y) the aggregate balance in (i) the Revenue Fund being retained respecting aggregate Operating Expenses as provided in Paragraph 1 of this Section and (ii) the Renewal and Extension Fund shall equal or exceed the preceding nine months' aggregate Operating Expenses to meet the working capital needs of the System, and (z) the Net Revenues of the System for the preceding Fiscal Year were equal to at least 1.75 times the maximum debt service requirement for any succeeding Sinking Fund Year on the Bonds and any other issue or issues of Additional Bonds then outstanding.

It is expressly provided in the Bond Ordinance, however, that should Bonds be hereafter issued ranking as to lien on the revenues of the System junior and subordinate to the lien securing the payment of the Bonds authorized to be issued hereunder, including any issue or issues of Additional Bonds hereafter issued, then such payments into the Renewal and Extension Fund as provided in the Bond Ordinance may be suspended and such moneys shall be available to the extent necessary to pay the principal of and interest on such junior lien Bonds and to create and maintain a reasonable reserve therefor and such moneys may be allocated and pledged for that purpose.

The City may at any time fulfill any portion of its obligation to fund the Debt Service Reserve Account by depositing in the Debt Service Reserve Account an irrevocable surety bond payable on any interest or principal payment date in an amount equal to any portion of the reserve requirement then required to be maintained within the Debt Service Reserve Account. Before any such surety bond is substituted for cash or deposited in lieu of cash within the Debt Service Reserve Account, there shall be filed with the City and the Sinking Fund Depository (i) an opinion of nationally recognized bond counsel to the effect that such substitution will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes; (ii) a certificate of Moody's or S&P, whichever rating agency maintains a rating on the outstanding Bonds, to the effect that (a) if the issuer(s) of the surety bond were insuring payment of principal and interest on the Bonds to which the Debt Service Reserve Account relates, such Bonds would receive either of the two highest long-term debt rating categories of the applicable rating agency or agencies and (b) that the substitution of such surety bond for cash within the Debt Service Reserve Account will not, in and of itself, result in a reduction of the ratings issued for the Bonds or any Additional Bonds outstanding, and (iii) a copy of the surety bond issued to fulfill the City's obligation to fund the Debt Service Reserve Account together with an opinion of counsel satisfactory to the Sinking Fund Depository to the effect that the surety bond is valid and enforceable in accordance with its terms. Each such surety bond shall be unconditional and irrevocable and shall provide liquidity for the life of the Bonds with respect to which the surety bond is purchased and, if the surety bond is purchased with respect to more than one issue of Bonds under the Bond Ordinance, then for the term of the Bonds for which it was purchased. So long as the balance of the Debt Service Reserve Account equals the highest combined principal and interest requirements coming due in any succeeding Sinking Fund Year on the Bonds and any Additional Bonds, any reimbursement agreement entered into between the City and the City of any such surety bond may provide that the City will be obligated to repay such Authority an amount equal to any drawdown on the surety bond plus a market rate of interest over a specified period of time not to exceed three years but such obligation shall be junior and subordinate in right of payment to all outstanding Bonds.

Schedule of Rates, Fees and Charges

The City has placed into effect a schedule of rates, fees and charges for the services, facilities and commodities furnished by the System and as often as it shall appear necessary the City shall revise and adjust such schedule of rates, fees and charges for either water or sewerage services and facilities, or all of them, to the extent necessary to produce funds sufficient to:

- (a) operate, maintain and repair the System on a sound businesslike basis;

- (b) produce an amount equal to 110% of the amount required to discharge the payment of the principal of and the interest on the Bonds and any Additional Bonds as they same become due and payable in the then current Sinking Fund Year;
- (c) create and maintain a reserve in the Debt Service Reserve Account in the amount as required in the Bond Ordinance or such larger amount as may be required in any proceedings authorizing any such issue or issues of Additional Bonds; and
- (d) create and maintain a reserve for extensions and improvements to the System.

The rates, tolls, fees and charges shall be classified in a reasonable manner to cover users of the services and facilities furnished by the System so that as nearly as practicable such rates, fees and charges shall be uniform in application to all users falling within any reasonable class. No free services shall at any time be furnished from the System and it will undertake within its health powers or such other applicable powers now or hereafter provided by law to require the owners of all improved property abutting any sewerage line to connect with the System. No customer shall be connected to the System or served by the City without a proper meter having been first installed. All services shall be furnished in accordance with rates now or hereafter established, including services furnished to any county, municipal corporation or other public board or body. Notwithstanding the above limitation in this paragraph, the City in the exercise of its reasonable discretion shall have the right to furnish free unmetered water to nonprofit bodies or public bodies.

In the event the City shall fail to adopt a schedule or schedules of rates, tolls, fees and charges, or to revise its schedule or schedules of rates, tolls, fees and charges, in accordance with the provisions of the Bond Ordinance, any bondholder without regard to whether any default, as defined in Article VIII of the Bond Ordinance, shall have occurred, may institute and prosecute in any court of competent jurisdiction, an appropriate action to compel the City to adopt a schedule or schedule of rates, tolls, fees and charges, or to revise its schedule or schedules of rates, tolls, fees and charges in accordance with the requirements of this Section.

Sinking Fund Depository

The Sinking Fund provided in the Bond Ordinance shall be kept as a trust account separate from other deposits of the City, said bank to be designated as "Sinking Fund Depository," and is named in Article VI of the Bond Ordinance and it shall comply with all of the applicable provisions of the Bond Ordinance.

Additional Bonds

The City covenants that no other bonds or obligations of any kind or nature will hereafter be issued which are payable from or enjoy a lien on the Net Revenues of the System prior to the lien created for the payment of the Bonds and any future issue or issues of Additional Bonds authorized to be issued in the Bond Ordinance. Nothing contained in the Bond Ordinance, however, restricts the issuance of Additional Bonds or obligations from time to time payable from the Net Revenues of the System and secured by a lien on the Net Revenues junior and subordinate to the lien created in the Bond Ordinance.

It is expressly provided in the Bond Ordinance, however, that Additional Bonds or obligations may be issued, from time to time, ranking as to lien on the Net Revenues of the System on a parity with the Bonds authorized to be issued in the Bond Ordinance, provided the following conditions are met:

- (a) The payments covenanted to be made into the Sinking Fund, as the same may have been enlarged and extended in any proceedings authorizing the issuance of any Additional Bonds, must be currently being made in the full amount required and said "Debt Service Account" and "Debt Service Reserve Account" held within said Sinking Fund must be at their proper respective balances.
- (b) The Net Revenues of the System for a period of twelve (12) consecutive months out of the twenty-four (24) consecutive months preceding the month of adoption of the proceedings authorizing the issuance of such Additional Bonds must have been equal to at least 1.15 times the maximum debt service requirement for any succeeding Sinking Fund Year on the Bonds and any other issue or issues of Additional Bonds then outstanding and on the Bonds proposed to be issued,

or in lieu of the foregoing formula, if a new schedule of rates and charges for the services, facilities and commodities furnished by the System shall have been adopted and shall be in effect and an independent and recognized firm of certified public accountants shall certify that had this new rate schedule been in effect during the period described above, the Net Revenues would have been equal to at least 1.15 times the maximum debt service requirement for any succeeding Sinking Fund Year on the Bonds and any Additional Bonds then outstanding and on the Bonds proposed to be issued.

(c) An independent and recognized firm of certified public accountants or a municipal advisor or advisory firm registered with the Securities and Exchange Commission shall certify to the City that the requirements of subparagraph (a) above are being complied with and that the requirements of subparagraph (b) above have been met.

(d) Except when Bonds are being issued solely for the purpose of refunding outstanding revenue bonds, the Consulting Engineers for the City shall provide the City with a written report recommending the additions, extensions and improvements to be made to the System and stating that same are feasible, designating in reasonable detail the work and installation proposed to be done and the estimated cost of accomplishing the undertaking. The Consulting Engineers or a municipal advisor or advisory firm registered with the Securities and Exchange Commission shall set forth in said report the Projected Net Revenues to be derived from the System which will be available for debt service payments over the life of the Bonds and any Additional Bonds therewith then outstanding and the Bonds proposed to be issued and shall indicate the projected coverage of such debt service payments in each succeeding Sinking Fund Year. "Projected Net Revenues" in each year for the purpose of this subparagraph (d) shall be estimated gross revenues of the System in each Sinking Fund Year remaining after payment of the estimated costs required or permitted to be paid pursuant to the provisions of Paragraph 1 of Section 502 of the Bond Ordinance for said period.

(e) The City shall pass proper proceedings reciting that all of the above requirements have been met, shall authorize the issuance of the Additional Bonds and shall provide in such proceedings, among other things, the date such Additional Bonds shall bear, the rate or rates of interest and maturity dates, as well as the registration and redemption provisions. The interest and principal on the Additional Bonds of any such issue shall fall due on dates to be established by the City; provided that, if such dates differ from the Bond, the City shall make certain modifications to the monthly sinking fund payment obligations as necessary to accommodate such difference, including assuring that sinking fund payment obligations are made monthly in approximately equal amounts from a payment date respecting principal and interest, respectively, to the next such applicable payment date respecting such Additional Bonds, but, as to principal, not necessarily in each year or in equal installments; provided that if such Additional Bonds shall bear interest at a variable rate, the Issuer may, by supplemental ordinance, designate such other interest payment dates or record dates with respect to such Additional Bonds as may be appropriate. Any such proceeding or proceedings shall require the City to increase the monthly payments then being made into the Sinking Fund to the extent necessary to pay the principal of and the interest on the Bonds and on all such Additional Bonds therewith then outstanding and on the Bonds proposed to be issued as same become due and payable, either at maturity or by proceedings for mandatory redemption, in the then current Sinking Fund Year, and to deposit into the Debt Service Reserve Account, as a condition to the issuance of such Additional Bonds, either a surety bond or letter of credit that complies with the terms of the Bond Ordinance or cash in an amount equal to the Debt Service Reserve Requirement (taking into account the Bonds being issued), and to maintain the Debt Service Reserve Account in such amount. Any such proceeding or proceedings shall restate and reaffirm, by reference, all of the applicable terms, conditions and provisions of the Bond Ordinance.

(f) Such Additional Bonds or obligations and all proceedings relative thereto, and the security therefor, shall be validated as prescribed by law.

(g) In the event that any such Additional Bonds bear interest at a rate other than a fixed rate of interest per annum, the proceedings under which such Additional Bonds are issued shall provide a "cap" or a maximum rate of interest per annum which such Additional Bonds may bear, and in the event that the City enters into a contract with a bank or other financial institution (a "Liquidity Provider") to provide liquidity for such Additional Bonds, (i) the interest rate payable to

the Liquidity Provider must be specified at the time of issuance of such Additional Bonds, (ii) any acceleration of principal payments due to the Liquidity Provider or any interest due in excess of the interest payable on such Additional Bonds must be subordinate to the payment of debt service on the Bonds outstanding under the Bond Ordinance, and (iii) the Liquidity Provider must be rated in either of the two highest short-term debt rating categories of the applicable rating agency or agencies.

Liens

The City shall not create or suffer to be created, in the operation and maintenance of the System, any lien, security interest or charge thereon, or any part thereof, or upon the revenues derived therefrom, ranking equally with or prior to the lien and charge authorized in the Bond Ordinance upon such revenues, and that it will pay, or cause to be discharged, or will make adequate provisions to satisfy and discharge, within sixty (60) days after the same shall occur, all lawful claims and demands for labor, materials, supplies or other objects, which, if unpaid, might by law become a lien upon such System, or any part thereof, or upon the revenues derived therefrom; provided, however, that nothing contained in the Bond Ordinance shall require the City to pay, or cause to be discharged, or make provision for, any such lien, security interest or charge, so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings.

Sale of Assets

So long as any of the Bonds shall be outstanding, the City shall not encumber the System or any part thereof, and it will not sell or otherwise dispose of the System or any integral part thereof, except it may sell such System as a whole, or substantially as a whole, if the proceeds of such sale be at least sufficient to provide for the payment of the Bonds authorized under and secured by the Bond Ordinance and any interest accrued or to accrue thereon, and that the proceeds of any such sale shall be deposited with the Sinking Fund Depository in trust and applied by it to the extent necessary to purchase or redeem the Bonds. Nothing contained in the Bond Ordinance, however, shall preclude sale of a part of the System where the sale would not, in any way, adversely affect the revenues of the System, and provided further that the proceeds from such sale are used for extensions and improvements to the System, or deposited with the Sinking Fund Depository in trust and applied toward the purchase or redemption of the Bonds.

The City shall not create, or permit to be created, any charge, lien or encumbrance or any security interest in or on the revenues of the System, as it now exists and as it will hereafter be extended and improved, ranking prior to the lien on said revenues created to secure payment of the Bonds, or ranking equally with said charge or lien of the Bonds, except that it may issue Additional Bonds standing on a parity therewith in accordance with the provisions of the Bond Ordinance.

Events of Default

Each of the following events is defined as and declared to be an "Event of Default" under the Bond Ordinance:

(a) Payment of the principal of any of the Bonds shall not be made when the same shall become due and payable, at its maturity or by proceedings for mandatory redemption or optional redemption; or

(b) Payment of any installment of interest shall not be made when the same becomes due and payable, or within thirty (30) days thereafter; or

(c) The City shall, for any reason, be rendered incapable of fulfilling its obligations under the Bond Ordinance; or

(d) An order or decree shall be entered, with the consent or acquiescence of the City, appointing a Receiver (as defined in the Revenue Bond Law), or Receivers, of the System, or of the revenues thereof, or any proceedings shall be instituted, with the consent or acquiescence of the City, for the purpose of effecting a composition between the City and its creditors, or for the purpose of adjusting claims of such creditors, pursuant to any federal or state statute now or hereafter enacted, if the claims of such creditors are under any circumstances payable out of the revenues of the System, or if such order or decree, having been entered without the consent and acquiescence of the City, shall not be vacated or discharged or stayed on

appeal within-sixty (60) days after entry thereof, or if such proceeding, having been instituted without the consent or acquiescence of the City, shall not be withdrawn, or any orders entered shall not be vacated, discharged or stayed on appeal, within sixty (60) days after the institution of such proceedings, or the entry of such orders; or

(e) The City shall make a default in the due and punctual performance of any other of the covenants, conditions, agreements or provisions contained in the Bonds or in the Bond Ordinance, on the part of the City to be performed, and such default shall continue for thirty (30) days after written notice, specifying such default and requiring same to be remedied, shall have been given to the City by any Bondholder.

Acceleration

Upon the happening and continuance of any Event of Default specified in Section 801 of the Bond Ordinance, then and in every such case the owners of not less than fifty-five percent (55%) in the principal amount of the Bonds then outstanding may, by a notice in writing to the City, declare the principal of all of the Bonds then outstanding (if not then due and payable) to be due and payable immediately, and upon such declaration the same shall become and be immediately due and payable, anything in the Bonds or contained in the Bond Ordinance to the contrary notwithstanding; provided, however, that if at any time after the principal of the Bonds shall have been so declared to be due and payable, all arrears of interest, if any, upon the Bonds then outstanding, and all other indebtedness secured hereby, except the principal of any Bonds not then due by their terms, and the interest accrued on such Bonds since the last Interest Payment Date, shall have been paid, or shall have been provided for any deposit with the Paying Agent for such Bonds of a sum sufficient to pay the same, and every other default in the observance or performance of any covenant, condition or agreement in the Bonds, or contained in the Bond Ordinance, shall be made good, or, provisions therefor satisfactory to such Bondholders shall have been made, then and in every such case the owners of not less than fifty-five percent (55%) in principal amount of the Bonds then outstanding may, by written notice to the City, rescind and annul such declaration and its consequences, but no such rescission or annulment shall extend to, or affect, any subsequent default or impair any right consequent thereto.

Remedies

Upon the happening and continuance of any Event of Default, as provided in Section 801 of the Bond Ordinance, then and in every such case any Bondholder may proceed, subject to the provisions of Section 805 of the Bond Ordinance, to protect and enforce the rights of the Bondholders under the Bond Ordinance by a suit, action or special proceedings in equity, or at law, either for the appointment of a Receiver of the System as authorized by the Revenue Bond Law, or for the special performance of any covenant or agreement contained in the Bond Ordinance or in aid or execution of any power granted in the Bond Ordinance, or for the enforcement of any proper legal or equitable remedy as such Bondholder shall deem most effectual to protect and enforce the rights aforesaid, insofar as such may be authorized by law.

Adoption of Supplemental Proceedings

The City may, from time to time and at any time, adopt such ordinance or ordinances supplemental to the Bond Ordinance as shall be deemed necessary or desirable for the purpose of modifying, altering, amending, adding to, or rescinding, in any particular, any of the terms or provisions contained in the Bond Ordinance or in any supplemental ordinance or in the Bonds; provided, however, that nothing contained in the Bond Ordinance shall permit, or be construed as permitting: (a) the extension of the maturity of any Bond issued thereunder; (b) the reduction in the principal amount of any Bond or the alteration of the rate or rates of interest thereon or any other modification of the terms of payment of such principal or interest; and (c) the reduction of the percentage of the principal amount of Bonds required for consent to such supplemental ordinance. A modification or amendment of the provisions with respect to the Sinking Fund is not to be deemed a change in the terms of payment.

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APPENDIX C

**Audited Financial Statements of the City
for the fiscal year ended September 30, 2019**

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City of Barnesville, Georgia

Financial Statements for the
Fiscal Year Ended September 30, 2019
Independent Auditor's Report



J. Robyn Underwood, Certified Public Accountant
202 Main Street, Barnesville, Georgia 30204
(678) 359-1414 phone

City of Barnesville, Georgia
 Annual Financial Report
 For the Year Ended September 30, 2019

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City of Barnesville, Georgia
Annual Financial Report
For the Year Ended September 30, 2019

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Independent Auditor's Report

J. Robyn Underwood, CPA

Member of American Institute of Certified Public Accountants

202 Main Street • Barnesville, GA 30204

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and aggregate remaining fund information as of and for the fiscal year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Barnesville, Georgia's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinions, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and aggregate remaining fund information of the City of Barnesville as of September 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, beginning on page three, Georgia Members Employees Benefit System Schedule of Net Pension Liability and Contributions on page 42, the Georgia Firefighters Pension Fund's Schedule of the Proportionate Share of Net Liability on page 43 and the budgetary comparisons beginning on page 44 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Auditing Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. We have also applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

The combining and individual fund statements, budgetary schedules, SPLOST schedule, and other schedules, are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, based on our audit, the procedures performed as described above, the combining and individual fund statements, budgetary schedules, and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2020 on our consideration of the City of Barnesville's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Barnesville's internal control over financial reporting and compliance.

J. Robyn Underwood, CPA
Barnesville, Georgia
March 22, 2020

Management's Discussion and Analysis

City of Barnesville
Management's Discussion and Analysis
For the fiscal year ended September 30, 2019

As management of City of Barnesville, Georgia, we offer readers of our financial statements this narrative overview and analysis of the financial activities of City of Barnesville for the fiscal year ended September 30, 2019. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the City's financial statements, which follow this narrative.

Financial Highlights

Key financial highlights for FYE 2019 are as follows:

The City's combined net positions totaled \$31.6 million. Of this amount, unrestricted net positions amounted to \$4.03 million.

Combined revenue totaled \$17.6 million.

Overall expenses totaled \$16.9 million.

Overall, the net change in fund balance was an increase of \$10,642.

The net change in the General Fund balance was a decrease of \$383,863 due to an increase in capital and operating expenditures.

As of September 30, 2019, the City's General Fund reported an unassigned fund balance of \$-52,469.

Overview of the Financial Statements

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

Government-wide Financial Statements

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

Fund Financial Statements

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

City of Barnesville
Management's Discussion and Analysis
For the fiscal year ended September 30, 2019

Notes to the Financial Statements

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

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

Table 1: Major Features of the Basic Financial Statements

	Government-wide Financial Statements	Fund Financial Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire State government (except fiduciary funds) and the City's component units	<ul style="list-style-type: none"> • Activities of the City that are not proprietary or fiduciary 	Activities of the City that are operated similar to private business
Required Financial Statements	<ul style="list-style-type: none"> • Statement of Net Positions • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Net Positions • Statement of Revenues, Expenditures, and Changes in Net Positions • Statement of Cash Flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	<ul style="list-style-type: none"> • Revenues for which cash is received during or soon after the end of the year • Expenditures when goods or services have been received and payment is due during the year or soon thereafter 	All revenues and expenses during the year, regardless of when cash is received or paid

City of Barnesville
Management's Discussion and Analysis
For the fiscal year ended September 30, 2019

Government-wide Financial Analysis

Condensed Statement of Net Positions

Table 2 (shown below) presents the City's condensed statement of net positions as of September 30, 2019 and 2018.

Table 2: Condensed Statement of Net Positions

	Governmental Activities	
	2019	2018
Assets		
Current and Other Assets	\$ 1,772,027	\$ 1,792,179
Capital Assets	<u>9,182,077</u>	<u>8,874,969</u>
Total Assets	<u>\$ 10,954,104</u>	<u>\$ 10,667,148</u>
Deferred Outflows of Resources	<u>\$ 387,073</u>	<u>\$ 642,195</u>
Liabilities		
Other Liabilities	\$ 156,010	\$ 156,712
Long-term Liabilities	<u>1,304,198</u>	<u>1,513,292</u>
Total Liabilities	<u>\$ 1,460,208</u>	<u>\$ 1,670,004</u>
Deferred Inflows of Resources	<u>\$ 563,912</u>	<u>\$ 640,330</u>
Net Positions		
Net Investment in Capital Assets	\$ 9,182,077	\$ 8,874,969
Restricted	762,206	367,702
Unrestricted	<u>< 627,226 ></u>	<u>< 261,663 ></u>
Total Net Positions	<u>\$ 9,317,057</u>	<u>\$ 8,981,008</u>

The largest component of the City's net positions is its investment in capital assets (e.g. land, infrastructure, buildings, equipment, and others), less any related debt outstanding that was needed to acquire or construct the assets. The City uses these capital assets to provide services to the citizens and businesses in the City; consequently, these net positions are not available for future spending. Restricted net positions represent resources that are subject to external restrictions, constitutional provisions, or enabling legislation on how they can be used. The remaining portion of net positions is unrestricted, which can be used to finance government operations. The City implemented GASB Statement 68 in 2014-2015. With the new reporting change, the City allocated its net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense. Decisions regarding the allocations are made by the administrators of the pension plan, not by the City's management.

	Business-Type Activities	
	2019	2018
Assets		
Current and Other Assets	\$ 8,547,029	\$ 8,770,774
Capital Assets	<u>41,237,417</u>	<u>41,970,524</u>
Total Assets	<u>\$ 49,784,446</u>	<u>\$ 50,741,298</u>
Deferred Outflows	<u>\$ 47,145</u>	<u>\$ 59,015</u>
Liabilities		
Other Liabilities	\$ 1,500,113	\$ 1,355,864
Long-term Liabilities	<u>25,840,409</u>	<u>26,629,592</u>
Total Liabilities	<u>\$ 27,340,522</u>	<u>\$ 27,985,456</u>
Deferred Inflows of Resources	<u>\$ 164,126</u>	<u>\$ 158,099</u>
Net Positions		
Net Investment in Capital Assets	\$ 15,139,786	\$ 15,222,016
Restricted	2,530,997	3,992,553
Unrestricted	<u>4,656,160</u>	<u>3,442,189</u>
Total Net Positions	<u>\$ 22,326,943</u>	<u>\$ 22,656,758</u>

City of Barnesville
Management's Discussion and Analysis
For the fiscal year ended September 30, 2019

Condensed Statement of Activities

Table 3 (shown below) presents the City's condensed statement of activities for the year ended September 30, 2019 and 2018. Over time, increases and decreases in net positions measure whether the City's financial position is improving or deteriorating.

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

	Governmental Activities	Business Activities	Total	Prior Year Governmental Activities	Prior Year Business Activities
Revenues:					
Program:					
Charges for Services	\$ 808	\$ 13,327	\$ 14,135	\$ 897	\$ 13,113.5
Operating Grants & Contributions	145	-----	145	40.5	-----
Capital Grants & Contributions	842	-----	842	521	-----
General:					
Property Taxes	582	-----	582	591	-----
Sales Taxes	756	-----	756	660.5	-----
Other Taxes	1,038.9	-----	1,038.9	987.5	-----
Interest	1.5	74	75.5	1	48.5
Other	52	-----	52	37	-----
Total Revenues	<u>\$ 4,225.4</u>	<u>\$ 13,401</u>	<u>\$ 17,626.4</u>	<u>\$ 3,735.5</u>	<u>\$ 13,162</u>
Program Expenses:					
General Government	\$ 1,548.5	\$ -----	\$ 1,548.5	\$ 1,429.5	\$ -----
Police	1,759.5	-----	1,759.5	1547.5	-----
Fire	429.5	-----	429.5	385	-----
Street and Right of Way	963.5	-----	963.5	1,045	-----
Cemetery	51	-----	51	53	-----
Culture and Recreation	419	-----	419	397	-----
Interest on Debt	-----	-----	-----	-----	-----
Industrial Development	-----	78	78	-----	57.5
Water and Sewer	-----	3,608	3,608	-----	3,618
Electric	-----	7,487	7,487	-----	7,099.5
Sanitation	-----	613	613	-----	652
Total Expenses	<u>\$ 5,171.4</u>	<u>\$ 11,786</u>	<u>\$ 16,957.5</u>	<u>\$ 4,857</u>	<u>\$ 11,427</u>
Excess (deficiency) Special Items	\$< 946>	\$ 1,615	\$ 668.9	\$< 1,121.5>	\$ 1,735
Transfers	1,282	< 1,282>	-----	659	< 1,230>
Change in Net Positions	<u>\$ 336</u>	<u>\$ 333</u>	<u>\$ 669</u>	<u>\$< 462></u>	<u>\$ 505</u>
Beginning Net Positions Restated	<u>\$ 8,981</u>	<u>\$ 21,994</u>	<u>\$ 30,975</u>	<u>\$ 9,443.5</u>	<u>\$ 22,152</u>
Ending Net Positions	<u>\$ 9,317</u>	<u>\$ 22,327</u>	<u>\$ 31,644</u>	<u>\$ 8,981</u>	<u>\$ 22,657</u>

During the year ending September 30, 2019, the net positions of the government activities increased \$336,049 or 3.74%. Total revenues for FYE 2019 increased by \$435,329 or 11.65%. The increase was due to an increase in operating and capital grants and contributions. Total expenses for FYE 2019 increased by \$314,306, or 6.47%. The departments that experienced increases in expenses in FYE 2019 were the General Government, Public Works, and Safety and Recreation.

City of Barnesville
Management's Discussion and Analysis
For the fiscal year ended September 30, 2019

Approximately 13.95% of the City's governmental revenues came from property taxes and approximately 56.97% came from other taxes. Approximately 19.37% of the City's revenues came from charges for services and approximately 23.67% came from grants and other revenues. Although a majority of the City's expenses are financed by property taxes and other taxes, the City continues to rely heavily on revenues from charges for services to fund its budget. The City's expenses cover a range of services with 42.33% related to public safety, 18.63% related to public works, 29.94% related to general governmental activities. Although total expenses have increased there has only been a minor shift in the allocation of resources.

Program Expenses and Charges for Services for Governmental Activities

Table 4 (shown below) presents program expenses and charges for services for governmental activities for the year ended September 30, 2019 and 2018.

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

2019		
Programs	Program Expenses	*Net Program Expenses (Charges for Services)
General Government	\$ 1,549	\$ 393
Public Safety	2,189	1,784
Public Works	963.5	822
Culture and Recreation	419	365
Cemetery	51	13
Totals	\$ 5,171.5	\$ 3,377
	=====	=====
2018		
Programs	Program Expenses	*Net Program Expenses (Charges for Services)
General Government	\$ 1,429.5	\$ 1,028.5
Public Safety	1,932.5	1,559.5
Public Works	1,045	986.5
Culture and Recreation	397	352
Cemetery	53	33
Interest on Debt		
Totals	\$ 4,857	\$ 3,959.5
	=====	=====

* Net program expenses are mainly supported by taxes.

The cost of all proprietary (business-type) activities this year was \$11,785,355 and additionally the business-type activities earned \$73,714 in interest from idle cash and investments. Within the total business-type activities of the City, these activities reported a \$1,541,998 operating gain.

City of Barnesville
Management's Discussion and Analysis
For the fiscal year ended September 30, 2019

Financial Analysis of the City's Funds

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

As of the close of the year, the City's governmental funds reported a combined ending fund balance of \$814,749 with \$762,206 reported as restricted, \$105,012 reported as assigned, and \$-52,469 as unassigned fund balance.

The General Fund is the operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$-52,469 and total fund balance was \$52,543. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance to total fund expenditures. Unassigned fund balance represents -1.03% of total General Fund expenditures, while total fund balance represents 1.03%. The net change in the General Fund's fund balance for the year ended September 30, 2019 was a decrease of \$383,863 or 87.96%. The reason for the decrease in the fund balance was mainly due to increases in operating and capital expenditures.

General Fund Budgetary Highlights

During the year, the City revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; 3) increases in appropriations that become necessary to maintain services. The year ended September 30, 2019 budget was amended.

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

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

Capital Asset and Long-term Debt Activity

At September 30, 2019, the City reported \$9,182,077 in capital assets for governmental activities and \$41,237,417 for business-type activities. Major capital asset transactions during the year were street paving and building improvements. Also, equipment and vehicles were purchased for the police department, fire department, public works, water and sewerage and electric funds. Refer to Note 3-D to the financial statements for additional information on capital assets.

City of Barnesville
Management's Discussion and Analysis
For the fiscal year ended September 30, 2019

Economic Factors and Next Year's Budget and Rates

At the time of budget preparation for fiscal year 2019, the economic outlook for the City was considered to be stable. The General Fund Budget for fiscal year 2019 of \$5,095,539 was adopted as balanced.

Unemployment in the City of Barnesville/Lamar County has been reduced over the prior year as the economy has improved.

Sales tax collections increased in 2019 as compared to fiscal year 2018.

Rates in the utility funds may require increases to cover operating and future capital investment in the future.

Contacting the City's Financial Management

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

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

Basic Financial Statements

Government-wide Financial Statements

City of Barnesville
STATEMENT OF NET POSITIONS
September 30, 2019

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTAL
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 147,031	\$ 2,493,179	\$ 2,640,210
Temporary Cash Investments	-----	131,781	131,781
Receivables (Net)	862,790	1,659,199	2,521,989
Inventories	-----	329,482	329,482
Total Current Assets	<u>\$ 1,009,821</u>	<u>\$ 4,613,641</u>	<u>\$ 5,623,462</u>
NonCurrent Assets			
Restricted Cash and Cash Equivalents	\$ 762,206	\$ 601,123	\$ 1,363,329
Investments	-----	2,530,997	2,530,997
Internal Balances	< 801,268 >	801,268	-----
Capital Assets			
Land	1,246,681	1,049,085	2,295,766
Depreciable Buildings, Property, and Equipment (Net)	<u>7,935,396</u>	<u>40,188,332</u>	<u>48,123,728</u>
Total NonCurrent Assets	<u>\$ 9,143,015</u>	<u>\$ 45,170,805</u>	<u>\$ 54,313,820</u>
TOTAL ASSETS	<u>\$ 10,152,836</u>	<u>\$ 49,784,446</u>	<u>\$ 59,937,282</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension Costs	\$ 290,073	\$ -----	\$ 290,073
Current Year Pension Contributions	<u>97,000</u>	<u>47,145</u>	<u>144,145</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 387,073</u>	<u>\$ 47,145</u>	<u>\$ 434,218</u>
LIABILITIES			
Current Liabilities			
Bank Overdraft	\$ 47,662	\$ -----	\$ 47,662
Accounts Payable	46,528	765,467	811,995
Employee Christmas Fund	61,820	-----	61,820
Current Portion of Long-Term Obligations	-----	659,990	659,990
Accrued Interest Payable	-----	74,656	74,656
Total Current Liabilities	<u>\$ 156,010</u>	<u>\$ 1,500,113</u>	<u>\$ 1,656,123</u>
NonCurrent Liabilities			
Deposits-Utilities	\$ -----	\$ 278,407	\$ 278,407
NonCurrent Portion of Long-Term Obligations	-----	25,362,985	25,362,985
Net Pension Liability	<u>502,930</u>	<u>199,017</u>	<u>701,947</u>
Total NonCurrent Liabilities	<u>\$ 502,930</u>	<u>\$ 25,840,409</u>	<u>\$ 26,343,339</u>
TOTAL LIABILITIES	<u>\$ 658,940</u>	<u>\$ 27,340,522</u>	<u>\$ 27,999,462</u>
DEFERRED INFLOWS OF RESOURCES			
Pensions Cost	<u>\$ 563,912</u>	<u>\$ 164,126</u>	<u>\$ 728,038</u>
NET POSITIONS			
Net Investment in Capital Assets	\$ 9,182,077	\$ 15,139,786	\$ 24,321,863
Restricted For:			
Operating Reserves	-----	932,695	932,695
Debt Service	-----	1,598,302	1,598,302
Capital Projects	762,206	-----	762,206
Unrestricted	<u>< 627,226 ></u>	<u>4,656,160</u>	<u>4,028,934</u>
Total Net Position	<u>\$ 9,317,057</u>	<u>\$ 22,326,943</u>	<u>\$ 31,644,000</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 10,539,909</u>	<u>\$ 49,831,591</u>	<u>\$ 60,371,500</u>
	=====	=====	=====

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

City of Barnesville
STATEMENT OF ACTIVITIES
September 30, 2019

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Positions		
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
Primary Government:							
Government Activities							
General Government	\$ 1,548,571	\$ 396,399	\$ -----	\$ 758,980	\$< 393,192>	\$ -----	\$ < 393,192>
Public Safety (Police)	1,759,675	276,038	94,296	-----	< 1,389,341>	-----	< 1,389,341>
Public Safety (Fire)	429,520	192	34,716	-----	< 394,612>	-----	< 394,612>
Public Works (Streets)	963,551	57,991	-----	83,417	< 822,143>	-----	< 822,143>
Cemetery	51,146	22,598	15,558	-----	< 12,990>	-----	< 12,990>
Culture and Recreation	419,209	54,630	-----	-----	< 364,579>	-----	< 364,579>
Total Governmental Activities	\$ 5,171,672	\$ 807,848	\$ 144,570	\$ 842,397	\$< 3,376,857>	\$ -----	\$< 3,376,857>
Business-Type Activities:							
Sanitation	612,978	\$ 670,060	\$ -----	\$ -----	\$ -----	\$ 57,082	\$ 57,082
Electric	7,487,303	8,756,644	-----	-----	-----	1,269,341	1,269,341
Water and Sewer	3,607,398	3,900,649	-----	-----	-----	293,251	293,251
Industrial Development	77,676	-----	-----	-----	-----	< 77,676>	< 77,676>
Total Business-Type Activities	<u>\$11,785,355</u>	<u>\$13,327,353</u>	<u>\$ -----</u>	<u>\$ -----</u>	<u>\$ -----</u>	<u>\$ 1,541,998</u>	<u>\$ 1,541,998</u>
Total Primary Government					\$< 3,376,857>	\$ 1,541,998	\$< 1,834,859>
General Revenues							
Taxes:							
Property					\$ 581,846	\$ -----	\$ 581,846
Franchise					130,511	-----	130,511
Hotel/Motel					14,569	-----	14,569
Sales					755,682	-----	755,682
Intangible					4,812	-----	4,812
Motor Vehicle					204,032	-----	204,032
Insurance Premium					516,518	-----	516,518
Malt Beverage					141,869	-----	141,869
Liquor					26,769	-----	26,769
Investment Earnings					1,456	73,714	75,170
Miscellaneous					52,356	-----	52,356
Transfers, Net					1,282,486	<1,282,486>	-----
Total General Revenues, Special Items, and Transfers					<u>\$ 3,712,906</u>	<u>\$<1,208,772></u>	<u>\$ 2,504,134</u>
Change in Net Position					\$ 336,049	\$ 333,226	\$ 669,275
Net Position - Beginning- Restated					<u>8,981,008</u>	<u>21,993,717</u>	<u>30,974,725</u>
Net Position - Ending					<u>\$ 9,317,057</u>	<u>\$22,326,943</u>	<u>\$ 31,644,000</u>

The accompanying notes are an integral part of the financial statements

Fund Financial Statements

Governmental Funds

City of Barnesville
BALANCE SHEET
Governmental Funds
September 30, 2019

	GOVERNMENTAL FUND TYPES		
	MAJOR FUNDS		TOTAL GOVERNMENTAL FUNDS
	GENERAL	CAPITAL PROJECTS	
	GENERAL	SPLOST 2017	TOTAL GOVERNMENTAL FUNDS
ASSETS			
Cash and Cash Equivalents (Note 2)	\$ 147,031	\$ -----	\$ 147,031
Receivables			
Taxes	33,788	-----	33,788
Fines	224,763	-----	224,763
Other	604,239	-----	604,239
Due from other Funds	66,789	-----	66,789
Restricted Assets			
Cash and Cash Equivalents	-----	762,206	762,206
TOTAL ASSETS	<u>\$ 1,076,610</u>	<u>\$ 762,206</u>	<u>\$ 1,838,816</u>
LIABILITIES			
Bank Overdraft	\$ 47,662	\$ -----	\$ 47,662
Accounts Payable	35,493	-----	35,493
Christmas Fund	61,820	-----	61,820
Accrued Liabilities	11,035	-----	11,035
Due to Other Funds	868,057	-----	868,057
TOTAL LIABILITIES	<u>\$ 1,024,067</u>	<u>\$ -----</u>	<u>\$ 1,024,067</u>
FUND BALANCES			
Restricted for Capital Projects	\$ -----	\$ 762,206	\$ 762,206
Assigned - Cemetery	105,012	-----	105,012
Unassigned	< 52,469 >	-----	< 52,469 >
TOTAL FUND BALANCES	<u>\$ 52,543</u>	<u>\$ 762,206</u>	<u>\$ 814,749</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,076,610</u> =====	<u>\$ 762,206</u> =====	<u>\$ 1,838,816</u> =====

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

City of Barnesville
 Reconciliation of the Balance Sheet of
 Governmental Funds to the Statement of Net Positions
September 30, 2019

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

Total Fund Balances – Governmental Funds	\$ 814,749
Capital Assets used in Governmental Activities are not Financial Resources and therefore are not Reported in the Funds	9,182,077
Long-Term Liabilities are not due and payable in the current period and accordingly are not Reported in the Funds	
Net Pension Liability	< 502,930 >
Deferred Inflows Related to Pension Costs	< 563,912 >
Deferred Outflows Related to Pension Costs	290,073
Deferred Outflows of Current Year Pension Contributions	<u>97,000</u>
Net Positions (Deficit) of Governmental Activities	\$ 9,317,057 =====

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

City of Barnesville
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
Governmental Funds
September 30, 2019

	MAJOR FUNDS			TOTAL
	GENERAL	SPLOST 2017	OTHER FUNDS	GOVERNMENTAL FUNDS
REVENUES				
Taxes	\$ 2,362,039	\$ -----	\$ 14,569	\$ 2,376,608
Licenses and Permits	108,245	-----	-----	108,245
Fines & Forfeitures	274,325	-----	-----	274,325
Intergovernmental	189,933	758,760	-----	948,693
Other	22,212	220	-----	22,432
Charges for Services	<u>472,436</u>	<u>-----</u>	<u>-----</u>	<u>472,436</u>
Total Revenues	<u>\$ 3,429,190</u>	<u>\$ 758,980</u>	<u>\$ 14,569</u>	<u>\$ 4,202,739</u>
EXPENDITURES				
Current-Operations				
Administrative and General	\$ 1,533,362	\$ -----	\$ -----	\$ 1,533,362
Police	1,685,897	-----	-----	1,685,897
Fire	399,837	-----	-----	399,837
Street and Right of Way	836,966	-----	-----	836,966
Cemetery	49,715	-----	-----	49,715
Civic Center - Cultural	197,205	-----	14,569	211,774
Swimming Pool - Recreation	36,481	-----	-----	36,481
Capital Outlay				
Current Operations	<u>356,076</u>	<u>364,475</u>	<u>-----</u>	<u>720,551</u>
Total Expenditures	<u>\$ 5,095,539</u>	<u>\$ 364,475</u>	<u>\$ 14,569</u>	<u>\$ 5,474,583</u>
EXCESS REVENUES OVER <UNDER>	<u>\$<1,666,349></u>	<u>\$ 394,505</u>	<u>\$ -----</u>	<u>\$<1,271,844></u>
OTHER FINANCING SOURCES (USES)				
Transfers In / <Out>	<u>\$ 1,282,486</u>	<u>\$ -----</u>	<u>\$ -----</u>	<u>\$ 1,282,486</u>
Total Other Financing Sources (Uses)	<u>\$ 1,282,486</u>	<u>\$ -----</u>	<u>\$ -----</u>	<u>\$ 1,282,486</u>
NET CHANGE IN FUND BALANCES	\$< 383,863>	\$ 394,505	\$ -----	\$ 10,642
FUND BALANCES- BEGINNING OF YEAR	<u>436,406</u>	<u>367,701</u>	<u>-----</u>	<u>804,107</u>
FUND BALANCES- END OF YEAR	<u>\$ 52,543</u>	<u>\$ 762,206</u>	<u>\$ -----</u>	<u>\$ 814,749</u>
	=====	=====	=====	=====

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

City of Barnesville

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities September 30, 2019

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

Net Change in Fund Balances- Total Governmental Funds	\$	10,642
<p>Government Funds Report Capital Outlays as Expenditures. However, in the Statement of Activities the cost of these Assets is Allocated over their estimated Useful Lives and Reported as Depreciation Expense. This is the Amount by which Capital Outlays exceeded Depreciation in the Current Period.</p>		
Purchases of Fixed Assets	\$ 720,551	
Depreciation Expense	<u>413,443</u>	307,108
<p>The Net Effect of Various Miscellaneous Transactions involving Capital Assets and other (i.e. Sales, Trade-ins, and Donations) is to Decrease Net Assets.</p>		
Transfer of Completed Capital Projects to Other Governmental Units		-----
<p>Payment of the Current Pension Contribution is an expenditure in The governmental funds, but is considered a deferred outflow on The Statement of Net Position and is not reported on the Statement of Activities</p>		
		97,000
<p>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.</p>		
Pension Expense	<	78,701>
Georgia Firefighter's Pension Expense	<	22,496>
<p>Revenues in the Statement of Activities that do not Provide Current Financial Resources are not Reported as Revenues in the Funds.</p>		
Georgia Firefighter's Pension- Revenue Provided		<u>22,496</u>
Change in Net Position- Governmental Activities	\$	<u>336,049</u> =====

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

Proprietary Funds

City of Barnesville
STATEMENT OF NET POSITION
Proprietary Funds
September 30, 2019

	UTILITIES			NON-MAJOR	TOTALS
	MAJOR FUNDS		WATER AND SEWERAGE	FUND INDUSTRIAL DEVELOPMENT	
	ELECTRIC	SANITATION			
ASSETS					
Current Assets					
Cash and Cash Equivalents	\$ 48,848	\$ -----	\$ 1,515,310	\$ 929,021	\$ 2,493,179
Temporary Cash Investments	-----	-----	131,781	-----	131,781
Receivables-Accounts	333,680	-----	229,544	-----	563,224
Other Receivable	7,677	-----	1,088,298	-----	1,095,975
Inventories of Supplies at Cost	243,266	-----	86,216	-----	329,482
Total Current Assets	<u>\$ 633,471</u>	<u>\$ -----</u>	<u>\$ 3,051,149</u>	<u>\$ 929,021</u>	<u>\$ 4,613,641</u>
Non-Current Assets					
Restricted Assets					
Cash and Cash Equivalents	\$ 601,123	\$ -----	\$ -----	\$ -----	\$ 601,123
Investments	-----	-----	2,530,997	-----	2,530,997
Interfund	428,498	-----	763,072	-----	1,191,570
Property					
Electrical and Sanitation Systems, Net of Accumulated Depreciation	581,038	1,211,865	-----	-----	1,792,903
Water and Sewerage Systems, Net of Accumulated Depreciation	-----	-----	37,647,986	-----	37,647,986
Industrial Facilities, Net of Accumulated Depreciation	-----	-----	-----	747,443	747,443
Land	-----	94,240	427,488	527,357	1,049,085
Total Non-Current Assets	<u>\$ 1,610,659</u>	<u>\$ 1,306,105</u>	<u>\$ 41,369,543</u>	<u>\$ 1,274,800</u>	<u>\$ 45,561,107</u>
TOTAL ASSETS	<u>\$ 2,244,130</u>	<u>\$ 1,306,105</u>	<u>\$ 44,420,692</u>	<u>\$ 2,203,821</u>	<u>\$ 50,174,748</u>
Deferred Outflows of Resources					
Pension Contributions in Current Fiscal Year	\$ 20,421	\$ 7,658	\$ 19,066	\$ -----	\$ 47,145
LIABILITIES					
Current Liabilities					
Accounts Payable	\$ 703,461	\$ 43,889	\$ 8,117	\$ 10,000	\$ 765,467
Current Portion of Bonds Payable	-----	-----	365,000	-----	365,000
Current Portion of Notes Payable	-----	-----	294,990	-----	294,990
Accrued Interest Payable	-----	-----	74,656	-----	74,656
Total Current Liabilities	<u>\$ 703,461</u>	<u>\$ 43,889</u>	<u>\$ 742,763</u>	<u>\$ 10,000</u>	<u>\$ 1,500,113</u>
Long-Term Liabilities					
Bonds Payable	\$ -----	\$ -----	\$ 22,605,000	\$ -----	\$ 22,605,000
Deposits- Utilities	264,857	-----	13,550	-----	278,407
Due to Other Funds	-----	-----	-----	390,302	390,302
Notes Payable	-----	-----	2,757,985	-----	2,757,985
Net Pension Liability	99,311	34,633	65,073	-----	199,017
Total Long-Term Liabilities	<u>\$ 364,168</u>	<u>\$ 34,633</u>	<u>\$ 25,441,608</u>	<u>\$ 390,302</u>	<u>\$ 26,230,711</u>
TOTAL LIABILITIES	<u>\$ 1,067,629</u>	<u>\$ 78,522</u>	<u>\$ 26,184,371</u>	<u>\$ 400,302</u>	<u>\$ 27,730,824</u>
Deferred Inflows of Resources					
Costs Related to Pensions	\$ 72,848	\$ 29,424	\$ 61,854	\$ -----	\$ 164,126
NET POSITION					
Net Investment in Capital Assets	\$ 581,038	\$ 1,306,105	\$ 11,977,843	\$ 1,274,800	\$ 15,139,786
Restricted For:	-----	-----	1,598,302	-----	1,598,302
Debt Retirement	-----	-----	932,695	-----	932,695
Operating Reserves	543,036	< 100,288 >	3,684,693	528,719	4,656,160
Unrestricted - Restated	<u>\$ 1,124,074</u>	<u>\$ 1,205,817</u>	<u>\$ 18,193,533</u>	<u>\$ 1,803,519</u>	<u>\$ 22,326,943</u>
TOTAL NET POSITION	<u>\$ 1,124,074</u>	<u>\$ 1,205,817</u>	<u>\$ 18,193,533</u>	<u>\$ 1,803,519</u>	<u>\$ 22,326,943</u>

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

City of Barnesville
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITIONS
Proprietary Funds
September 30, 2019

	UTILITIES			NON-MAJOR FUND	TOTALS
	MAJOR FUNDS		WATER AND SEWERAGE		
	ELECTRIC	SANITATION		INDUSTRIAL DEVELOPMENT	
OPERATING REVENUES					
Charges for Service	\$ 8,091,444	\$ 670,060	\$ 3,744,846	\$ -----	\$ 12,506,350
Miscellaneous	<u>665,200</u>	<u>-----</u>	<u>155,803</u>	<u>-----</u>	<u>821,003</u>
TOTAL OPERATING REVENUES	<u>\$ 8,756,644</u>	<u>\$ 670,060</u>	<u>\$ 3,900,649</u>	<u>\$ -----</u>	<u>\$ 13,327,353</u>
OPERATING EXPENSES					
Personal Services	\$ 702,090	\$ 52,709	\$ 487,506	\$ -----	\$ 1,242,305
Contractual Services	6,581,558	470,575	977,459	56,976	8,086,568
Supplies and Other Services	162,467	49,299	391,847	-----	603,613
Utilities	6,589	-----	2,648	-----	9,237
Depreciation	34,599	1,107	842,301	20,700	898,707
Landfill Post-closure	<u>-----</u>	<u>39,288</u>	<u>-----</u>	<u>-----</u>	<u>39,288</u>
TOTAL OPERATING EXPENSES	<u>\$ 7,487,303</u>	<u>\$ 612,978</u>	<u>\$ 2,701,761</u>	<u>\$ 77,676</u>	<u>\$ 10,879,718</u>
OPERATING INCOME <LOSS>	<u>\$ 1,269,341</u>	<u>\$ 57,082</u>	<u>\$ 1,198,888</u>	<u>\$< 77,676></u>	<u>\$ 2,447,635</u>
NONOPERATING REVENUES <EXPENSES>					
Interest Revenue	\$ 661	\$ -----	\$ 65,292	\$ 7,761	\$ 73,714
Interest Expense	<u>-----</u>	<u>-----</u>	<u>< 905,638></u>	<u>-----</u>	<u>< 905,638></u>
TOTAL NONOPERATING REVENUE <EXPENSES>	<u>\$ 661</u>	<u>\$ -----</u>	<u>\$< 840,346></u>	<u>\$ 7,761</u>	<u>\$< 831,924></u>
NET INCOME <LOSS> BEFORE OUTFLOWS and TRANSFERS, and CONTRIBUTED CAPITAL	<u>\$ 1,270,002</u>	<u>\$ 57,082</u>	<u>\$ 358,542</u>	<u>\$< 69,915></u>	<u>\$ 1,615,711</u>
TRANSFERS					
Transfers In (Out)	<u>\$< 1,224,529></u>	<u>\$< 57,957></u>	<u>\$ -----</u>	<u>\$ -----</u>	<u>\$< 1,282,486></u>
CHANGE IN NET POSITIONS	\$ 45,473	\$< 875>	\$ 358,542	\$< 69,915>	\$ 333,225
NET POSITIONS - BEGINNING OF YEAR	1,078,601	1,206,692	18,589,738	1,781,727	22,656,758
RESTATEMENT	<u>-----</u>	<u>-----</u>	<u>< 754,747></u>	<u>91,707</u>	<u>< 663,040></u>
NET POSITIONS - END OF YEAR	<u>\$ 1,124,074</u> =====	<u>\$ 1,205,817</u> =====	<u>\$ 18,193,534</u> =====	<u>\$ 1,803,519</u> =====	<u>\$ 22,326,943</u> =====

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

City of Barnesville
STATEMENT OF CASH FLOWS
Proprietary Funds
September 30, 2019

	UTILITIES			NON-MAJOR	TOTALS
	MAJOR FUNDS			FUND	
	ELECTRIC	SANITATION	WATER AND SEWERAGE	INDUSTRIAL DEVELOPMENT	
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts from Customers	\$ 8,067,305	\$ 670,060	\$ 4,048,285	\$ -----	\$ 12,785,650
Payments to Suppliers	< 6,579,616>	< 551,080>	< 1,429,734>	< 56,976>	< 8,617,406>
Payments to Employees	< 702,090>	< 52,709>	< 487,506>	-----	< 1,242,305>
Other Receipts (Payments)	<u>665,200</u>	<u>-----</u>	<u>155,803</u>	<u>-----</u>	<u>821,003</u>
Net Cash provided by Operating Activities	<u>\$ 1,450,799</u>	<u>\$ 66,271</u>	<u>\$ 2,286,848</u>	<u>\$< 56,976></u>	<u>\$ 3,746,942</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCIAL ACTIVITIES					
Decrease in Deferred Inflows	\$< 1,519>	\$ 1,450	\$ 6,096	\$ -----	\$ 6,027
Decrease in Net Pension Liability	< 15,595>	< 8,429>	< 21,493>	-----	< 45,517>
Deposits	< 83,676>	-----	-----	-----	< 83,676>
Loans <To>/From Other Funds	< 13,569>	< 1,335>	< 713,300>	95,254	< 632,950>
Transfers <To>/From Other Funds	<u><1,224,529></u>	<u>< 57,957></u>	<u>-----</u>	<u>-----</u>	<u>< 1,282,486></u>
Net Cash Provided(Used) by Non Capital and Related Financial Activities	<u>\$< 1,338,888></u>	<u>\$< 66,271></u>	<u>\$< 728,697></u>	<u>\$ 95,254</u>	<u>\$< 2,038,602></u>
CASH FLOW FROM CAPITAL AND RELATED FINANCIAL ACTIVITIES					
Purchases of Capital Assets (Net)	\$< 79,864>	\$ -----	\$< 85,826>	\$ -----	\$< 165,690>
Principal Paid on Capital Debt	-----	-----	< 649,900>	-----	< 649,900>
Interest Paid on Capital Debt	-----	-----	< 906,526>	-----	< 906,526>
Gain on Sale of Assets	<u>-----</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>\$< 79,864></u>	<u>\$ -----</u>	<u>\$< 1,642,252></u>	<u>\$ -----</u>	<u>\$< 1,722,116></u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest	\$ 661	\$ -----	\$ 65,293	\$ 7,761	\$ 73,715
Net Change in Temporary Cash Investments	<u>-----</u>	<u>-----</u>	<u>< 48,778></u>	<u>-----</u>	<u>< 48,778></u>
Net Cash Provided by Investing Activities	<u>\$ 661</u>	<u>\$ -----</u>	<u>\$ 16,515</u>	<u>\$ 7,761</u>	<u>\$ 24,937</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 32,708	\$ -----	\$< 67,586>	\$ 46,039	\$ 11,161
Balance of Cash- Beginning of Year	<u>617,263</u>	<u>-----</u>	<u>1,582,896</u>	<u>882,982</u>	<u>3,083,141</u>
Balance of Cash- End of Year	<u>\$ 649,971</u>	<u>\$ -----</u>	<u>\$ 1,515,310</u>	<u>\$ 929,021</u>	<u>\$ 3,094,302</u>
	=====	=====	=====	=====	=====

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

City of Barnesville
STATEMENT OF CASH FLOWS (Continued)
Proprietary Funds
September 30, 2019

	UTILITIES			NON-MAJOR	TOTALS
	MAJOR FUNDS		WATER AND SEWERAGE	FUND	
	ELECTRIC	SANITATION		INDUSTRIAL DEVELOPMENT	
Balance of Cash - End of Year	\$ 649,971	\$ -----	\$ 1,515,310	\$ 929,021	\$ 3,094,302
Reconciliation of Operating Income (Loss)					
To Net Cash Provided by Operating Activities					
Operating Income	\$ 1,269,341	\$ 57,082	\$ 1,198,888	\$ < 77,676 >	\$ 2,447,635
Adjustments to Reconcile Operating Income					
to Net Cash Provided by Operating Activities					
Depreciation Expense	34,599	1,107	842,301	20,700	898,707
Pension Costs as Related to Pension Contributions	5,290	1,643	4,937	-----	11,870
Change in Assets and Liabilities					
Receivables, Net	< 24,139 >	-----	303,439	-----	279,300
Inventories	< 39,488 >	-----	13,782	-----	< 25,706 >
Accounts Payable	205,196	6,439	< 76,499 >	-----	135,136
Net Cash Provided by Operating Activities	\$ 1,450,799	\$ 66,271	\$ 2,286,848	\$ < 56,976 >	\$ 3,746,942

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

Notes to the Basic Financial Statements

City of Barnesville
Notes to the Basic Financial Statements
For the year ended September 30, 2019

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

Note 1 – Summary of Significant Accounting Policies

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

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

1-A. Reporting Entity

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

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

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

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

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

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

1-B. Basis of Presentation

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

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

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

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

City of Barnesville
Notes to the Basic Financial Statements
For the year ended September 30, 2019

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

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

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

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

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

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

General Fund – Major Fund - The general fund accounts for all financial resources except those required to be accounted for in other funds. The general fund's fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Georgia.

Special Revenue – NonMajor Fund (Hotel/Motel Tax) – This fund is used to account for the hotel/motel tax collected and to disburse forty percent to the chamber of commerce for tourism. Per state law forty percent of the tax collected is to be expended on tourism.

Capital Projects–Major Fund – This fund's purpose is to administer the Special Purpose Local Option Sales Tax projects for the 2011 SPLOST, presented individually.

Capital Projects–Major Fund – This fund's purpose is to administer the Special Purpose Local Option Sales Tax projects for the 2017 SPLOST, presented individually.

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

Electric Fund – Major Fund – This fund is used to account for the operations of the City's electric.

Sanitation Fund – Major Fund – This fund is used to account for the operations of the City's sanitation.

Water and Sewer System Fund – Major Fund - This fund is used for the operation of the City's water and sewer system which renders services to the residents and businesses located within the City and water services to the residents of the county of Lamar.

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

City of Barnesville
Notes to the Basic Financial Statements
For the year ended September 30, 2019

1-C. Measurement Focus

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

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

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

1-D. Basis of Accounting

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

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

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

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

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

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

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

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

City of Barnesville
Notes to the Basic Financial Statements
For the year ended September 30, 2019

Deferred Inflow/Outflow of Resources – Deferred inflow and outflow of resources are certain items that were previously classified as Assets or Liabilities but do not meet the criteria for an asset or liability; such as deferred revenue defined above, deferred gains and losses on bond debt refunding, and the implementation of GASB Statement 68 resulting in pension expense deferrals and current year pension contributions.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Georgia Municipal Employees' Benefit System (GMEBS) and additions to/deductions from (GMEBS) fiduciary net position have been determined on the same basis as they are reported by GMEBS. The City of Barnesville's employer contributions are recognized when due and the City of Barnesville has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of GMEBS. Investments are reported at fair value.

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

1-E. Assets, Liabilities and Fund Equity

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

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

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

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

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

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

1-E-2. Receivables

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

1-E-3. Interfund Balances

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

1-E-4. Consumable Inventories

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

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

City of Barnesville
Notes to the Basic Financial Statements
For the year ended September 30, 2019

1-E-5. Capital Assets

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

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

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

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

1-E-6. Compensated Absences

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

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

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

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

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

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

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

1-E-9. Fund Equity

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

City of Barnesville
Notes to the Basic Financial Statements
For the year ended September 30, 2019

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

- ❖ **Nonspendable** – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.
- ❖ **Restricted** – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- ❖ **Committed** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council through the adoption of a resolution. Only the City Council may modify or rescind the commitment.
- ❖ **Assigned** – Fund balances are reported as assigned when amounts are constrained by the City’s intent to be used for specific purposes, however are neither restricted nor committed. Through resolution, the City Council has authorized the City Manager to assign fund balances.
- ❖ **Unassigned** – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

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

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

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

1-E-10. Operating Revenues and Expenses

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

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

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

1-E-12. Contributions of Capital

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

City of Barnesville
Notes to the Basic Financial Statements
For the year ended September 30, 2019

1-E-13. Interfund Activity

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

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

1-E-14. Estimates

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

1-E-15. Comparative Data

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

Note 2 – Stewardship, Compliance and Accountability

2-A. Budgetary Information

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

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

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

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

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

2-B. Excess of Expenditures Over Appropriations

The following funds reported expenditures/expenses over appropriations:

Fund	Appropriation	Encumbrances/Expenditures	Over-Appropriation
NONE			

City of Barnesville
Notes to the Basic Financial Statements
For the year ended September 30, 2019

Note 3 – Detailed Notes on All Funds

3-A. Deposits and Investments

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

The City’s deposits are classified as follows at September 30, 2019:

(Amounts Expressed in Thousands)	Category			Bank Balance	Carrying Amount
	1	2	3		
Primary Government	\$ 250 =====	\$ =====	\$ 3,971 =====	\$ 4,221 =====	\$ 4,003.5 =====

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

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

(Amounts Expressed in Thousands)	Category			Carrying Amount/ Fair Value
	1	2	3	
Investment Instrument				
City of Barnesville Certificates of deposit	\$ 132	-----	-----	\$ 132
Money Market	2,531	-----	-----	2,531
Grand Total	\$ 2,663 =====	\$ ----- =====	\$ ----- =====	\$ 2,663 =====

Cash and Cash Equivalents Reconciliation:

Fund Reporting Level:	Primary Government
Governmental Funds - Balance Sheet	\$ 909,237
Proprietary Fund Type Statement of Net Positions	<u>3,094,302</u>
Total Carrying Amount	\$ 4,003,539 =====

City of Barnesville
Notes to the Basic Financial Statements
For the year ended September 30, 2019

3-B. Receivables

Receivables at September 30, 2019 consisted of taxes, fines, and accounts (billings for user charges).

Receivables and payables are recorded on the City's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and in the case of receivables, collectability.

3-C. Property Taxes

Normally, property tax levies are set by the City Council in September of each year for collection in the following fiscal year beginning September 1. Lamar County spreads all levies over assessable property. Taxes are levied annually by the City and for the year ended September 30, 2019, the levy occurred on October 24, 2018 real and personal property taxes were due on December 31, 2018. Property taxes receivable became a lien on January 25, 2019 and are recorded in the General Fund usually in October or November of each fiscal year.

3-D. Capital Assets

Capital asset activity for the year ended September 30, 2019, was as follows:

(Amounts Expressed in Thousands)

	Balance 10/1/18	Additions	Transfers In <Out>	Balance 9/30/19
Governmental Activities:				
Capital Assets not being Depreciated:				
Land	\$ 1,247	\$ -----	\$ -----	\$ 1,247
Construction in Progress	-----	-----	-----	-----
Total Non-Depreciable Capital Assets:	<u>\$ 1,247</u>	<u>\$ -----</u>	<u>\$ -----</u>	<u>\$ 1,247</u>
Depreciable Capital Assets:				
Land Improvements	\$ 171	\$ -----	\$ -----	\$ 171
Buildings and Plant	2,561	102.5	-----	2,663.5
Machinery and Equipment	1,930	211	-----	2,141
Vehicles	719	73	-----	792
Infrastructure	<u>7,874.5</u>	<u>334</u>	<u>-----</u>	<u>8,208.5</u>
Total Depreciable Capital Assets	<u>\$ 13,255.5</u>	<u>\$ 720.5</u>	<u>\$ -----</u>	<u>\$ 13,976</u>
Total Non and Depreciable Capital Assets	<u>\$ 14,502.5</u>	<u>\$ 720.5</u>	<u>\$ -----</u>	<u>\$ 15,223</u>
Accumulated Depreciation				
Land Improvements	\$ 45	\$ -----	\$ -----	\$ 45
Buildings and Plant	1086.5	63	-----	1,149.5
Machinery and Equipment	1,403	74	-----	1,477
Vehicles	677	48.5	-----	725.5
Infrastructure	<u>2,416.5</u>	<u>228</u>	<u>-----</u>	<u>2,644.5</u>
Total Accumulated Depreciation	<u>\$ 5,628</u>	<u>\$ 413.5</u>	<u>\$ -----</u>	<u>\$ 6,041.5</u>
Governmental Activities Capital Assets, Net	<u>\$ 8,874.5</u>	<u>\$ 307</u>	<u>-----</u>	<u>\$ 9,181.5</u>
	=====	=====	=====	=====
Governmental Activities Depreciation Expense				
General Government	\$	14.6		
Police		85.2		
Fire		10.2		
Street and Right of Way		130.5		
Cemetery		1.5		
Culture and Recreation		<u>171.5</u>		
Total Governmental Activities Depreciation Expense	\$	<u>413.5</u>		
		=====		

City of Barnesville
Notes to the Basic Financial Statements
For the year ended September 30, 2019

(Amounts Expressed in Thousands)

	Balance 10/1/18	Additions	Transfers In <Out>	Balance 9/30/19
Business-Type Activities:				
Capital Assets not being Depreciated:				
Land	\$ 1,049	\$ -----	\$ -----	\$ 1,049
Construction in Progress	-----	-----	-----	-----
Total Non-Depreciable Capital Assets	\$ 1,049	-----	\$ -----	\$ 1,049
Depreciable Capital Assets:				
Buildings and Plant	\$33,365.5	\$ -----	\$ -----	\$ 33,365.5
Machinery and Equipment	1,595	84.5	-----	1,679.5
Vehicles	308	-----	-----	308
Infrastructure	24,996	81	-----	25,077
Total Depreciable Capital Assets	\$60,264.5	\$ 165.5	\$ -----	\$ 60,430
Total Non and Depreciable Capital Assets	\$61,313.5	\$ 165.5	\$ -----	\$ 61,479
Accumulated Depreciation				
Buildings and Plant	\$11,778.5	\$ 476.7	\$ -----	\$ 12,255.2
Machinery and Equipment	703	50	-----	753
Vehicles	246.5	16	-----	262.5
Infrastructure	6,615	356	-----	6,971
Total Accumulated Depreciation	\$ 19,343	\$ 898.7	\$ -----	\$ 20,241.7
Business-Type Activities Capital Assets, Net	\$41,970.5	\$< 733.2>	\$ -----	\$ 41,237.3

3-E. Interfund Balances and Transfers

Interfund balances at September 30, 2019, consisted of the following amounts. The interfund balances are not expected to be paid in one year from the date of the financial statements and have existed for more than one year and the original purpose of the interfund balances were to finance capital acquisitions in other funds.

(Amounts expressed in thousands)	Payable From:		
	General Fund	Industrial Development Fund	Total
Payable To:			
General Fund	\$ -----	\$ 67	\$ 16
Electric Fund	428.5	-----	415
Water & Sewer Fund	439.5	323.5	919
Total	\$ 868	\$ 390.5	\$ 1,350

Interfund transfers for the year ended September 30, 2019, consisted of the following:

Transfers To: (Amounts Expressed in Thousands)	Transfers From:	
	Sanitation Fund	Electric Fund
Payable To:		
General Fund	\$ 58	\$ 1,224.5
Water & Sewer Fund	-----	-----
SPLOST 2011	-----	-----
Industrial Development	-----	-----
Total	\$ 58	\$ 1224.5

*Completed Capital Project

City of Barnesville
Notes to the Basic Financial Statements
For the year ended September 30, 2019

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

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

3-F. Revenue Bonds Payable

The City issued refunding Revenue and Improvement Bond Series 2011-A, 2011-B and 2011-C on December 28, 2011. The refunding bonds extinguished the Series 1998 and 2003 Bonds debt of \$3,240,000 and the GEFA 2004-L31WS loan of \$237,988. Also, the Refunding Revenue and Improvement Bonds of 2011 extinguished GEFA 2001 L87-WS loan and USDA Bonds Payable of \$3,460,050 in the aggregate. The GEFA 2001 L87-WS loan and USDA Bonds Payable were assumed by the City due to the transfer of assets, liabilities and operations of the Lamar County Water and Sewer Authority. The City is in compliance with Bond ordinance in regards to Article 5, Section 502(1) which requires retaining six months of aggregated operating expenses to meet the working capital needs of the system.

The following is a summary of revenue bond transactions of the City for the year ended September 30, 2019.

Name	Interest Rate	Balance Beginning of Year	Additions (Reductions) in Indebtedness	Balance End of Year
*2011-A Series	2.50% to 4.25%	\$19,665,000	\$< 275,000>	\$ 19,390,000
^2011-C Series	2.50% to 4.25%	<u>3,610,000</u>	< <u>80,000</u> >	<u>3,530,000</u>
		\$23,275,000	\$< 355,000>	\$ 22,920,000
		=====	=====	=====

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

^Original issue amount \$ 3,830,000 - Purpose to purchase additional water lines and other assets of Lamar County Water and Sewerage Authority

The annual principal maturities of the debt during the years following 2019 are as follows:

Year	2011-A	2011-C
2020	285,000 \$	80,000
2021	295,000	85,000
2022	300,000	85,000
2023	310,000	90,000
2024	-----	480,000
2025-2029	3,085,000	575,000
2030-2034	4,340,000	705,000
2035-2039	5,205,000	835,000
2040-2046	3695,000	595,000
2045-2046		
	<u>\$19,390,000</u>	<u>\$3,530,000</u>

Year	2011-A Interest	2011-C Interest
2020	\$ 760,281	\$ 135,594
2021	751,731	133,194
2022	742,881	130,644
2023	733,881	128,094
2024	3,522,180	598,432
2025-2029	3,016,625	509,350
2030-2034	2,356,000	379,875
2035-2039	1,491,075	238,838
2040-2044		
2045-2046	<u>308,543</u>	<u>51,212</u>
	\$13,683,197	\$ 2,305,233

Interest expense for 2019 amounted to \$906,526 for the above and has been expended within the accompanying financial statements.

City of Barnesville
Notes to the Basic Financial Statements
For the year ended September 30, 2019

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

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

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

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

3-G. Notes Payable

General Long-Term Interfund Debt

Balance Beginning of Year	Addition (Reduction)	Balance End of Year
\$ 831,358	\$ 36,699	\$ 868,057

City of Barnesville
Notes to the Basic Financial Statements
For the year ended September 30, 2019

Enterprise Funds – The following is a summary of the notes payable of the City as of September 30, 2019:

Note payable to Georgia Environmental Facilities Authority (GEFA) with interest at 0% per annum. Original debt amount of \$2,772,728
Purpose to construct Water Lines \$ 1,429,685

The annual principal maturities of the above debt during the years following 2019 are as follows:

		GEFA
2020	\$	173,296
2021	\$	173,296
2022	\$	173,296
2023	\$	173,296
2024	\$	173,296
2025-2028	\$	<u>563,205</u>
	\$	<u>1,429,685</u>
		=====

Note payable to Georgia Environmental Facilities Authority (GEFA) with interest at 0% per annum. Original debt amount of \$2,433,874.
Purpose to construct water lines (amount drawn to date) \$ 1,673,290

		GEFA
2020		<u>121,694</u>
2021		121,694
2022		121,694
2023		121,694
2024		121,694
2025-2029		608,470
2030-2033		<u>456,350</u>
	\$	<u>1,673,290</u>

Changes in Long-term Debt – Changes in the City’s long-term obligations consisted of the following for the year ended September 30, 2019:

	Outstanding 10/1/2018	Additions	Reductions	Outstanding 9/30/2019	Amounts Due in One Year
Business-Type Activities					
Water & Sewer Revenue Bonds (Waterline extension and plants)	23,275,000	-----	355,000	22,920,000	365,000
Water and Sewer Customer Deposits (Net)	13,550	-----	-----	13,550	Not Known
GEFA Debt (Water line extension)	3,397,965	-----	294,990	3,102,975	294,990
Electric and Sanitation Customer Deposits (Net)	<u>348,535</u>	-----	<u>83,768</u>	<u>264,857</u>	Not known
Total Business-Type Activities	<u>\$27,035,050</u>	\$ -----	\$ 733,668	<u>\$26,301,382</u>	\$ 659,990
	=====	=====	=====	=====	=====

City of Barnesville
Notes to the Basic Financial Statements
For the year ended September 30, 2019

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

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

At September 30, 2019, the City reported a liability of \$701,947 for its net pension liability. The net pension liability was measured as of September 30 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019. The total pension liability was then rolled forward to the measurement date of September 30, 2018 utilizing update procedures incorporating the actuarial assumptions. The City’s net pension liability was based on a projection of the City’s long-term future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan, actuarially determined.

For the year ended September 30, 2019, the City recognized pension expense of \$116,427.

Net Pension Liability

A. Changes in the Net Pension Liability

	Total Pension Liability (TPL) (a)	Fiduciary Net Position (FNP) (b)	Net Pension Liability (NPL) (a) – (b)
Balances at September 30, 2017*	\$ 9,905,917	\$ 8,979,448	\$ 926,469
Changes for the year:			
Service cost	88,788	----	88,788
Interest	728,210	----	728,210
Differences between expected and actual experience	93,119	----	93,119
Contributions - employer	----	273,222	(273,222)
Contributions - employee	----	----	----
Net investment income	----	880,983	(880,983)
Benefit payments, including refunds of employee contributions	(570,477)	(570,477)	----
Administrative expense	----	(19,566)	19,566
Other	----	----	----
Net changes	339,640	564,162	(224,522)
Balances September 30, 2017**	\$ 10,245,557	\$ 9,543,610	\$ 701,947

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
	\$1,808,759	\$701,947	\$<234,193>

* Entry Age Normal liabilities calculated using ages and service amounts as of January 1, 2018 are used to measure TPL as of September 30, 2017. The balances as of September 30, 2017 constitute measurements of the NPL for the fiscal year ending September 30, 2018.

** Entry Age Normal liabilities calculated using ages and service amounts as of January 1, 2019 are used to measure TPL as of September 30, 2018. The balances as of September 30, 2018 constitute measurements of the NPL for the fiscal year ending September 30, 2019.

The numbers shown in Exhibit 2 are based on a 2018 measurement date which would make them applicable to the Fiscal Year beginning October 1, 2018 and ending September 30, 2019.

City of Barnesville
Notes to the Basic Financial Statements
For the year ended September 30, 2019

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

A. Pension expense for the year ended September 30, 2019

Service Cost	\$ 88,788
Interest on TPL	728,210
Employee Contributions	-----
Administrative expenses	19,566
Expected return on assets	(661,578)
Expensed portion of current year period differences between expected and actual experience in TPL	23,279
Expensed portion of current year period assumption changes	-----
Current year plan changes	-----
Expensed portion of current year period differences between projected and actual investment earnings	(43,881)
Current year recognition of deferred inflows and outflows established in prior years	(37,957)
Total Expense	\$116,427

B. Deferred outflows/inflows of resources related to pensions

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	193,528	(10,038)
Changes of assumptions	-----	(93,562)
Net difference between projected and actual earnings on pension plan investments	-----	(572,893)
Total	193,528	(631,493)

C. Projected recognition of deferred outflows/(inflows)

					Deferred Outflows/(Inflows) Recognized in Future Years				
Year Established	Outstanding Balance at October 1, 2018	Amount Recognized During FYE September 30, 2019	Outstanding Balance at September 30, 2019	2020	2021	2022	2023	2024	
Fiscal Year Outflows									
Demographic	2016	\$ 78,160	\$ 78,160	\$ -----	\$ -----	-----	-----	-----	
Demographic	2016	193,090	96,545	96,545	96,545	-----	-----	-----	
Investment	2018	185,532	61,844	123,688	61,844	61,844	-----	-----	
Demographic	2019	93,119	23,279	69,840	23,280	23,280	23,280	-----	
Total Outflows		\$ 549,901	\$ 259,828	\$ 290,073	\$ 181,669	\$ 85,124	\$ 23,280	-----	
Fiscal Year Inflows									
Investment	2015	(\$ 51,227)	(\$ 51,227)	\$ -----	-----	-----	-----	-----	
Assumption Change	2015	(63,129)	(63,129)	-----	-----	-----	-----	-----	
Demographic	2017	(20,076)	(10,036)	(10,036)	(10,038)	-----	-----	-----	
Investment	2017	(151,398)	(50,467)	(100,932)	(50,466)	(50,466)	-----	-----	
Investment	2018	(463,976)	(115,994)	(347,982)	(115,994)	(115,994)	(115,994)	-----	
Investment	2019	(219,405)	(43,881)	(175,524)	(43,881)	(43,881)	(43,881)	-----	
Assumption Change	2018	(140,343)	(46,781)	(93,562)	(46,781)	(46,781)	-----	-----	
Total Inflows		(\$1,046,425)	(\$ 318,387)	(\$ 728,038)	(\$267,160)	(\$257,122)	(159,875)	(43,881)	
Total		(\$ 496,524)	(\$ 58,559)	(\$437,965)	(\$85,491)	(\$171,998)	(\$136,595)	(43,881)	

City of Barnesville
Notes to the Basic Financial Statements
For the year ended September 30, 2019

Schedule of Changes in the Net Pension Liability and Related Ratios

	2019	Fiscal Year End	
		2018	2017
<i>Total pension liability</i>			
Service cost	\$ 88,788	\$ 98,515	\$ 89,881
Interest	728,210	717,234	693,648
Differences between expected and actual experiences	93,119	247,374	(40,150)
Changes of assumptions	-----	(187,124)	-----
Changes of benefit terms	-----	-----	-----
Benefit payments, including refunds of employee contributions	(570,477)	(449,422)	(428,669)
Net change in total pension liability	339,640	426,577	314,710
Total pension liability – beginning	<u>9,905,917</u>	<u>9,479,340</u>	<u>9,164,630</u>
Total pension liability – ending (a)	<u>\$ 10,245,557</u>	<u>\$ 9,905,917</u>	<u>\$ 9,479,340</u>
<i>Plan fiduciary net position</i>			
Contributions – employer	\$ 273,222	\$ 226,428	\$ 223,688
Contributions – employee	-----	-----	-----
Net investment income	880,983	1,192,873	819,553
Benefit payments, including refunds of employee contributions	(570,477)	(449,422)	(428,669)
Administrative expense	(19,566)	(20,720)	(11,523)
Other	-----	-----	-----
Net change in fiduciary net position	(564,162)	949,159	603,049
Plan fiduciary net position – beginning	<u>8,979,448</u>	<u>8,030,289</u>	<u>7,427,240</u>
Plan fiduciary net position – ending (b)	<u>\$ 9,543,610</u>	<u>\$ 8,979,448</u>	<u>\$ 8,030,289</u>
Net Pension liability – ending: (a)-(b)	<u>\$ 701,947</u>	<u>\$ 926,469</u>	<u>\$ 1449,051</u>
Plan’s fiduciary net position as a percentage of the total pension liability	93.15%	90.65%	84.71%
Covered-employee payroll	\$ 2,668,684	\$ 2,758,383	\$ 2,755,710
Net pension liability as a percentage of covered-employee payroll	26.30%	33.59%	52.58%

Schedule of Contributions

	2019	Fiscal Year End	
		2018	2017
Actuarially determined contribution	-----	252,638*	247,012
Contributions in relation to the actuarially determined contribution	-----	273,222*	226,428**
Contribution deficiency (excess)	-----	(20,584)*	20,584
Covered-employee payroll	-----	2,758,383	2,755,710***
Contributions as a percentage of covered-employee payroll	-----	9.91*	8.22%

* 2019 information will be determined after fiscal year end and will be included in the 2020 valuation report

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

*** 2018 covered payroll is based on data collected as of August 31, 2017 or the 2018 actuarial valuation

City of Barnesville
Notes to the Basic Financial Statements
For the year ended September 30, 2019

Notes to Schedule of Contributions

Valuation Date	The actuarially determined contribution was determined as of January 1, 2019, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution will be reported for the fiscal year ending September 30, 2020
<i>Methods and assumptions used to determine contribution rates:</i> Actuarial Cost Method Amortization Method	Projected Unit Credit Closed level dollar for remaining unfunded liability; See Section 5, Exhibit II for additional detail
Remaining Amortization Period	Remaining amortization period varies for the bases, with a net effective amortization period of 10 years.
Asset Valuation Method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Actuarial Assumptions: Net Investment Rate of Return Projected Salary Increases Cost of Living Adjustments Retirement Age	7.50% 2.75% plus service based merit increases 2.75% See Section 5, Exhibit III for summary of assumption and Section 4, Exhibit 6 for the history of changes to this assumption, if any.
Mortality	See Section 5, Exhibit III for summary of assumption and Section 4, Exhibit 6 for the history of changes to this assumption, if any.
Other information:	See Section 4, Exhibit 6 for the history of changes to plan provisions, if any.

Actuarial Valuation History for Notes to Schedules

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

Changes of assumptions

- As a result of the new administrative fee structure approved by the Board, the administrative expense assumption was updated for fiscal years beginning in 2018. See Section 5, Exhibit III for details.
- As a result of the plan change to provide immediate participation for Employees for the Fiscal Year ending in 2017, the eligibility assumption has been changed from one year to immediate. The increase in the Plan's NPL is minimal and has been included in the differences between expected and actuarial experience.
- Amounts reported for the Fiscal Year ending in 2016 and later reflect the following assumption changes approved by the Board in December, 2015 based on the results of an actuarial experience study covering the period January 1, 2010 to June 30, 2014:
 - The mortality table for disabled participants was changed to remove the two-year set-forward for males and the one-year set-forward for females.
 - The turnover rates were updated to introduce select rates for service less than five years and to reduce the ultimate rate by 15% and to assume no turnover on and after age 55. The select period rates were further constrained to not be less than the ultimate rates.
 - The retirement rates where normal retirement is only available on or after age 65 were changed from the prior assumption of 100% at age 65 to the new assumption of 60% at ages 65 to 69 and 100% at age 70. Where normal retirement is available prior to age 65, the rates were changed from the prior assumption of 100% at earliest unreduced age, but not below age 60, to the new assumption of 10% at ages 55 to 59, 20% at age 60, 25% at age 61, 35% at age 62, 40% at age 63, 45% at age 64, 50% at ages 65 to 69, and 100% at age 70.
 - The inflation and cost-of-living adjustment assumptions were decreased from 3.50% to 3.25%.
 - The salary increase assumption was changed from select period rates during the first five years of service, followed by age-related rates to an assumption based on new service-related rates. Under the prior assumption, the salary increases ranged from 4.00% to 11.00% and included an inflation assumption of 3.50%. Under the new assumption, the salary increases range from 3.75% to 8.00% and include an inflation assumption of 3.25%.

Benefit changes

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

City of Barnesville
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For the year ended September 30, 2019

Actuarial Assumptions: The total pension liability in the January 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Salary increases	2.75 percent plus service based merit increases
Investment rate of return	7.50 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the January 1, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through June 30, 2015.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies* return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of September 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
International Equity	20%	7.40%
Real Estate	10%	5.10%
Domestic Equity	45%	6.40%
Global Fixed	5%	3.03%
Domestic Fixed	20%	1.75%
Total	100%	

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

Discount rate. The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on the assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's net pension liability to changes in the discount rate. The following presents the City's net pension liability calculated using the discount rate of 7.50 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent) or one percentage point higher (8.50 percent) than the current rate:

	<u>1% Decrease (6.50%)</u>	<u>Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
City's net pension liability (asset)	\$ 1,808,759	\$ 701,947	\$(234,193)

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

3-I. Equity

Net Positions– Net positions on the government-wide statement of net positions as of September 30, 2019 are as follows:

	(Amounts Expressed in Thousands)	
	Governmental Activities	Business-Type Activities
Net Investment in capital assets:		
Cost of Capital Assets	\$ 14,503	\$ 61,313.5
Less Accumulated Depreciation	< 5,628>	< 19,343>
Book Value	**\$ 8,875	\$ 41,970.5
Less Capital Related Debt	-----	<*26,748.5>
Net Investment in capital assets	\$ 8,875	\$ 15,222
	=====	=====

*Capital Debt \$26,023 plus accrued interest of \$74.5.
**Rounded up

Fund Balances – Fund balance assignments at the fund reporting level as of September 30, 2019 are as follows:

Assigned Fund Balances:

Nature and Purpose of Assignments	General
Cemetery Perpetual Care	\$ 105,012

3-J. Contracts

The City entered into contract with Dependable Waste, Inc. to provide the City with waste disposal. The cost of the service is passed on to the residents. The contract will continue until September 30, 2020. The City at present provides the recycling services to residents.

3-K. Compliance with Legal Provisions

Grants – In the year ended September 30, 2019, the City received payments from the State of Georgia as follows:

Georgia Department of Transportation (LMIG) - \$83,417 to be used for street improvements.

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

Hotel/Motel Tax – The City was in compliance with the provisions of OCGA-48-13-51 which require the City to meet the expenditures 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 \$14,569. The percentage of expenditures to collections is 100%. The City has a contractual agreement with the Barnesville-Lamar County Chamber of Commerce to remit forty percent of the hotel/motel tax collections. The City remitted \$5,086 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. The amount owed in hotel/motel tax by the City to the Barnesville-Lamar County Chamber of Commerce at September 30, 2019 is \$0.

City of Barnesville
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3-L. Other Required Individual Fund Disclosures

The Industrial Development Fund has a deficit of \$77,676 for the fiscal year ending September 30, 2019 the fund has a \$1,803,519 surplus to offset future deficits.

3-M. Commitment and Contingencies

Agreements with Municipal Electric Authority of Georgia

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

Under the terms of the agreement, the Authority agrees to provide, and the Cities are obligated to purchase, all of the Cities' bulk power supply requirements for a period not to exceed 50 years. The Cities have agreed to purchase all their future power and energy requirements in excess of that received by the Cities through the Southeastern Power Administration at prices intended to cover the operating costs of the systems and to retire any debt incurred by the Authority. In the event that revenues are insufficient to cover all costs and retire the outstanding debt, each City has guaranteed a portion of the unpaid debt based on their individual entitlement shares of the output and services of generating units acquired or constructed by the Authority. In addition, in the event of discontinued service to a participant in default, the City would be obligated to purchase additional power subject to contractual limitations. At September 30, 2018, the outstanding debt of the Authority was approximately \$6.33 billion. The City's guarantee varies by individual projects undertaken by the Authority.

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

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

Note 4 – Other Notes

4-A. Closure and Postclosure Care Requirements

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

The current estimated cost of postclosure is \$0.

*** The amount of post closure costs actually paid in the current year is \$39,288.*

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

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

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

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

City of Barnesville
Notes to the Basic Financial Statements
For the year ended September 30, 2019

4-B. Risk Management

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

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

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

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

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

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

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

4-C. Contingent Liabilities

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

4-D. Joint Venture

Under Georgia law, the City, in conjunction with other municipalities and counties in the five county Central Georgia area, is a member of the McIntosh Trail Regional Development (RDC). Membership in the RDC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organizational structure of the RDC in Georgia. The RDC Board membership includes

City of Barnesville
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representation from each county and municipality of the area, as well as representatives from the private sector and other governmental entities. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RDC. Separate financial statements for the RDC are available from:

McIntosh Trail Regional Development
Hill Street
Griffin, Ga 30223

4-E. Related Organizations

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

4-F. Change in Accounting Principles/Restatement

Net Position was Restated for Water and Sewerage by \$(754,747) due to interfund receivables being adjusted. Net Position Restated for Industrial Fund by \$91,707 due to interfund receivables being adjusted.

4-G. Subsequent Events

No significant subsequent events have occurred between the end of the fiscal year September 30, 2019 and the issuance of the audited financial statements, March 22, 2020.

Required Supplementary Information

City of Barnesville
City of Barnesville Contributions
Required Supplementary Information
September 30, 2019, 2018 and 2017

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 241,038	\$ 226,428	\$ 223,688
Contributions in relation to the contractually required contribution	<u>273,222</u>	<u>226,428</u>	<u>223,688</u>
Contribution deficiency (excess)	<u>\$ < 32,184 ></u>	<u>\$ -----</u>	<u>\$ -----</u>
City's covered-employee payroll	\$2,723,593	\$ 2,758,383	\$ 2,755,710
Contributions as a percentage of covered-employee payroll	10.03%	8.21%	8.12%

City of Barnesville
City of Barnesville's Proportionate Share of Net
Pension Liability
Required Supplementary Information
September 30, 2019

Georgia Firefighter's Pension Fund

	<u>2019</u>
City's proportionate share of the net pension liability	0.00%
City's proportionate share of the net pension liability	\$ -----
City's covered-employee payroll	\$ 249,919
State's proportionate share of the net pension liability as a percentage of its covered employee payroll	35.539%
Plan fiduciary net position as a percentage of the total pension liability	83.95%
State's proportionate share of the net pension liability associated with City of Barnesville	\$ 88,806

City of Barnesville
**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES**
Budget and Actual-General Fund Types
For the Year Ended September 30, 2019

	GENERAL FUND (MAJOR FUND)			VARIANCE POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES				
Taxes				
2018 Property	\$ 588,357	\$ 581,846	\$ 581,846	\$ -----
Sales	635,000	755,682	755,682	-----
Intangible and Transfer	2,600	4,812	4,812	-----
Motor Vehicle	155,000	204,032	204,032	-----
Public Utilities Franchise	120,200	130,511	130,511	-----
Insurance Premium	425,000	516,518	516,518	-----
Malt Beverage	136,000	141,869	141,869	-----
Liquor	<u>25,000</u>	<u>26,769</u>	<u>26,769</u>	<u>-----</u>
	<u>\$ 2,087,157</u>	<u>\$ 2,362,039</u>	<u>\$ 2,362,039</u>	<u>\$ -----</u>
Business License and Permits	<u>\$ 102,500</u>	<u>\$ 108,245</u>	<u>\$ 108,245</u>	<u>\$ -----</u>
Departmental Revenues				
Police	\$ 302,000	\$ 401,934	\$ 401,934	\$ -----
Fire	-----	12,412	12,412	-----
Street and Right of Way	3,000	141,408	141,408	-----
Cemetery	20,000	38,156	38,156	-----
Civic Center	38,500	50,753	50,753	-----
Swimming Facilities	<u>2,300</u>	<u>3,877</u>	<u>3,877</u>	<u>-----</u>
	<u>\$ 365,800</u>	<u>\$ 648,540</u>	<u>\$ 648,540</u>	<u>\$ -----</u>
Other Revenues				
Intergovernmental	\$ -----	\$ -----	\$ -----	\$ -----
Rental Income	282,156	288,154	288,154	-----
Tax Interest	5,000	2,150	2,150	-----
Miscellaneous	16,050	18,606	18,606	-----
Interest Earned	<u>500</u>	<u>1,456</u>	<u>1,456</u>	<u>-----</u>
	<u>\$ 303,706</u>	<u>\$ 310,366</u>	<u>\$ 310,366</u>	<u>\$ -----</u>
TOTAL REVENUE-CARRIED FORWARD	<u>\$ 2,859,163</u>	<u>\$ 3,429,190</u>	<u>\$ 3,429,190</u>	<u>\$ -----</u>

City of Barnesville
**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES**
Budget and Actual-General Fund Types
For the Year Ended September 30, 2019
(Continued)

	GENERAL FUND (MAJOR FUND)			VARIANCE POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
TOTAL REVENUES- BROUGHT FORWARD	\$ 2,859,163	\$ 3,429,190	\$ 3,429,190	\$ -----
EXPENDITURES				
Current Operations				
Administrative and General	\$ 1,277,595	\$ 1,533,351	\$ 1,533,351	\$ -----
Police	1,722,910	1,685,908	1,685,908	-----
Fire	379,559	399,837	399,837	-----
Street and Right of Way	736,531	836,966	836,966	-----
Cemetery	46,300	49,715	49,715	-----
Civic Center	169,295	197,205	197,205	-----
Swimming Facilities	38,989	36,481	36,481	-----
Capital Outlay				
Current Operations	<u>46,300</u>	<u>356,076</u>	<u>356,076</u>	-----
Total Expenditures	\$ 4,417,479	\$ 5,095,539	\$ 5,095,539	\$ -----
EXCESS REVENUE OVER <UNDER> EXPENDITURES	\$ <1,558,316>	\$ <1,666,349>	\$ <1,666,349>	\$ -----
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ 1,558,316	\$ 1,282,486	\$ 1,282,486	\$ -----
Transfers Out	<u>-----</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>
Total Other Financing Sources (Uses)	\$ 1,558,316	\$ 1,282,486	\$ 1,282,486	\$ -----
NET CHANGE IN FUND BALANCES	\$ -----	\$ < 383,863>	\$ < 383,863>	\$ -----
FUND BALANCE- BEGINNING OF YEAR	<u>-----</u>	<u>436,406</u>	<u>436,406</u>	<u>-----</u>
FUND BALANCE- END OF YEAR	\$ ----- =====	\$ 52,543 =====	\$ 52,543 =====	\$ ----- =====

City of Barnesville
**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES**
Budget and Actual-Capital Project Fund Types
(Does Not Include Trust Fund Data)
For the Year Ended September 30, 2019

	SPLOST 2017		(MAJOR FUND)	
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES				
Intergovernmental	\$ 3,559,235	\$ 758,760	\$ 758,760	-----
Interest	-----	220	220	\$ -----
TOTAL REVENUES	<u>\$ 3,559,235</u>	<u>\$ 758,980</u>	<u>\$ 758,980</u>	<u>\$ -----</u>
EXPENDITURES				
Current				
Miscellaneous	\$ -----	\$ -----	\$ -----	\$ -----
Capital Outlay				
Current Operations	<u>3,559,235</u>	<u>364,475</u>	<u>364,475</u>	<u>-----</u>
Total Expenditures	<u>\$ 3,559,235</u>	<u>\$ 364,475</u>	<u>\$ 364,475</u>	<u>\$ -----</u>
EXCESS REVENUES OVER <UNDER> EXPENDITURES	<u>\$ -----</u>	<u>\$ 394,505</u>	<u>\$ 394,505</u>	<u>\$ -----</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ -----	\$ -----	\$ -----	\$ -----
Transfers Out (Water & Sewerage Fund)	<u>\$ -----</u>	<u>\$ -----</u>	<u>\$ -----</u>	<u>\$ -----</u>
Total Other Financing Sources (Uses)	<u>\$ -----</u>	<u>\$ -----</u>	<u>\$ -----</u>	<u>\$ -----</u>
NET CHANGE IN FUND BALANCES	\$ -----	\$ 394,505	\$ 394,505	\$ -----
FUND BALANCE- BEGINNING OF YEAR	<u>-----</u>	<u>367,701</u>	<u>367,701</u>	<u>-----</u>
FUND BALANCE- END OF YEAR	<u>\$ -----</u>	<u>\$ 762,206</u>	<u>\$ 762,206</u>	<u>\$ -----</u>

Supplementary Information

Governmental Funds

City of Barnesville
**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES**
Budget and Actual-Special Revenue Fund Types
(Does Not Include Trust Fund Data)
For the Year Ended September 30, 2019

	HOTEL / MOTEL TAX (NON-MAJOR FUND)			VARIANCE POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES				
Hotel-Motel Tax	\$ 15,000	\$ 14,569	\$ 14,569	\$ -----
TOTAL REVENUES	\$ 15,000	\$ 14,569	\$ 14,569	\$ -----
EXPENDITURES				
Current				
Cultural and Recreation (Tourism)	\$ 15,000	\$ 14,569	\$ 14,569	\$ -----
Total Expenditures	\$ 15,000	\$ 14,569	\$ 14,569	\$ -----
EXCESS REVENUES OVER <UNDER> EXPENDITURES	\$ -----	\$ -----	\$ -----	\$ -----
NET CHANGE IN FUND BALANCES	\$ -----	\$ -----	\$ -----	\$ -----
FUND BALANCE- BEGINNING OF YEAR	-----	-----	-----	-----
FUND BALANCE- END OF YEAR	\$ ----- =====	\$ ----- =====	\$ ----- =====	\$ ----- =====

City of Barnesville
 General Fund
**SCHEDULE OF ADMINISTRATIVE
 AND GENERAL EXPENDITURES**
For the Year Ended September 30, 2019

	2019	2018
Salaries	\$ 341,003	\$ 351,067
Employee Benefits	141,538	127,949
Contract Labor	60,543	69,509
Legal and Professional Fees	44,188	43,791
Dues and Subscriptions	6,097	4,375
Advertising	2,355	2,383
Industrial Development Authority-Donation	71,958	78,500
E.P. Roberts Center	73,293	54,126
Office Supplies	44,460	50,832
Travel	5,727	8,768
Training Courses	17,795	11,338
Postage	32,243	37,921
Insurance	398,118	377,808
Utilities and Telephone	18,312	16,180
Public Property Expenditure	19,576	19,352
Maintenance Agreement	28,982	16,875
Repairs and Maintenance	8,464	7,240
Miscellaneous	78,623	14,976
McIntosh Trail RDC	13,223	6,696
Lamar County Health Clinic	583	499
Capital Outlay - Boys' and Girls' Club*	65,024	-----
Total Expenditures	\$1,472,105	\$1,300,185

*Reported as Capital Outlay on Other Statements and Schedules.

City of Barnesville
 General Fund
**SCHEDULE OF ADMINISTRATIVE
 AND GENERAL EXPENDITURES
 MAYOR AND COUNCIL**
For the Year Ended September 30, 2019

	2019	2018
Mayor and Council Salaries / Benefits	\$ 78,677	\$ 84,740
Mayor and Council Travel	18,225	19,664
Mayor and Council School and Training	24,968	25,142
Mayor and Council Supplies	2,044	2,881
Mayor and Council Telephone/Utilities	<u>2,367</u>	<u>1,373</u>
Total Expenditures	\$ 126,281	\$ 133,800

City of Barnesville
General Fund
SCHEDULE OF REVENUES AND EXPENDITURES
POLICE DEPARTMENT
For the Year Ended September 30, 2019

	2019	2018
REVENUES		
Fines	\$ 274,325	\$ 361,583
Accident Reports	988	881
Miscellaneous	31,600	6,556
Parking Violations	725	1,545
Intergovernmental Revenues	94,296	12,183
Total Revenues	\$ 401,934	\$ 382,748
EXPENDITURES		
Salaries	\$ 1,014,910	\$ 928,651
Employee Benefits	395,829	320,503
Contract Labor	9,951	-----
Supplies	47,940	39,256
Repairs and Maintenance	39,701	34,108
Maintenance of Prisoners	6,081	400
Utilities	24,683	25,360
Gas and Oil	48,992	44,328
Tires and Tire Repairs	3,763	5,650
Uniforms	8,281	11,234
Dues and Subscriptions (Computer)	14,067	13,760
Travel and Training Courses	7,386	7,412
Miscellaneous	2,081	3,745
Traffic Court Judge, Indigent Defense & Solicitor	23,950	26,925
Peace Officers and Prosecutions	19,075	18,406
Peace Officers' Annuity Benefits	8,620	6,985
GA Crime Victims Emergency Fund	4,508	3,179
Drug Testing	355	585
Jr. Police/Community Projects	1,896	1,969
New Equipment*	15,762	42,452
Crime Lab and Brain and Spinal Injury Funds	1,061	785
County Drug Abuse Treatment	1,947	1,296
Driver Education and Training Fund	820	777
New Vehicle *	73,129	23,615
Total Expenditures	\$ 1,774,788	\$ 1,561,381
EXCESS EXPENDITURES OVER REVENUES	\$ <1,372,854>	\$ <1,178,633>
	=====	=====

*Reported as Capital Outlay on other Statements and Schedules

City of Barnesville
General Fund
SCHEDULE OF REVENUES AND EXPENDITURES
FIRE DEPARTMENT
For the Year Ended September 30, 2019

	2019	2018
REVENUES		
Miscellaneous	\$ 192	\$ 1,783
Intergovernmental	12,220	12,080
Total Revenues	\$ 12,412	\$ 13,863
EXPENDITURES		
Salaries	\$ 249,919	\$ 256,649
Employee Benefits	105,232	81,032
Contract Labor	2,857	3,338
Supplies	15,834	10,316
Fire Calls and Drills	6,720	7,168
Gas and Oil	1,533	1,633
Uniforms	1,354	812
Utilities	4,666	4,043
Retirement- Voluntary Firemen	3,240	3,875
Repairs and Maintenance	6,136	98
Miscellaneous	1,126	1,512
Equipment Testing	1,220	2,369
Capital Outlay - Equipment*	7,329	4,475
Total Expenditures	\$ 407,166	\$ 377,320
EXCESS EXPENDITURES OVER REVENUES	\$< 394,754>	\$< 363,457>

*Reported as Capital Outlay on other Statements and Schedules

City of Barnesville
General Fund
SCHEDULE OF REVENUES AND EXPENDITURES
STREET AND RIGHT OF WAY DEPARTMENT
For the Year Ended September 30, 2019

	2019	2018
REVENUES		
Intergovernmental	\$ 83,417	\$ 94,356
Miscellaneous (Surplus)	52,550	54,668
Animal Control	<u>5,441</u>	<u>3,993</u>
Total Revenues	<u>\$ 141,408</u>	<u>\$ 153,017</u>
EXPENDITURES		
Salaries	\$ 291,373	\$ 325,919
Contract Labor	131,560	135,522
Employee Benefits	103,401	146,013
Supplies	87,212	66,427
Tires and Tire Repairs	816	709
Contracted Services	-----	460
Gas and Oil	29,516	27,922
Utilities	4,545	4,027
Miscellaneous	5,706	51,821
Repairs (Including Service Agreements)	8,382	22,607
Street Mowing Contract	90,140	72,300
State Contract	18,801	19,750
Animal Control	19,044	16,456
Waste Disposal	1,080	990
Summer's Field Park Maintenance	45,390	32,344
Street Paving*	187,911	103,388
Capital Outlay - Equipment*	-----	4,250
Capital Outlay - Street Improvements	<u>-----</u>	<u>10,800</u>
Total Expenditures	<u>\$ 1,024,877</u>	<u>\$ 1,041,705</u>
EXCESS EXPENDITURES OVER REVENUES	<u>\$< 883,469></u>	<u>\$< 888,688></u>

*Reported as capital outlay on other statements and schedules.

City of Barnesville
 General Fund
SCHEDULE OF REVENUES AND EXPENDITURES
CEMETERY DEPARTMENT
For the Year Ended September 30, 2019

	2019	2018
REVENUES		
Sale of Cemetery Lots	\$ 9,483	\$ 7,650
Opening Graves	13,115	12,425
Miscellaneous	15,558	138
Total Revenues	\$ 38,156	\$ 20,213
EXPENDITURES		
Contract Labor	\$ 5,890	\$ 12,550
Miscellaneous	1,373	10
Mowing Contract	42,452	39,100
Capital Improvements*	-----	14,310
Total Expenditures	\$ 49,715	\$ 65,970
EXCESS EXPENDITURES OVER REVENUES	\$< 11,559> =====	\$< 45,757> =====

**Reported as Capital Outlay on other Statements and Schedules.*

City of Barnesville
General Fund
SCHEDULE OF REVENUES AND EXPENDITURES
CIVIC CENTER
For the Year Ended September 30, 2019

	2019	2018
REVENUES		
Miscellaneous-Rentals	\$ 33,193	\$ 21,549
Membership Fees	<u>17,560</u>	<u>19,532</u>
Total Revenues	<u>\$ 50,753</u>	<u>\$ 41,081</u>
EXPENDITURES		
Salaries	\$ 116,074	\$ 108,967
Supplies	8,809	12,481
Employee Benefits	32,010	24,091
Utilities	1,651	1,689
Miscellaneous	6,545	7,223
Uniforms	3,486	3,404
Repairs	5,902	690
Drug Testing	-----	70
Contract Labor	22,728	22,226
Capital Outlay - Fitness Equipment*	<u>6,921</u>	<u>-----</u>
Total Expenditures	<u>\$ 204,126</u>	<u>\$ 180,841</u>
EXCESS EXPENDITURES OVER REVENUES	<u>\$< 153,373></u> =====	<u>\$< 139,760></u> =====

*Reported as Capital Outlay on other Statements and Schedules

City of Barnesville
General Fund
SCHEDULE OF REVENUES AND EXPENDITURES
SWIMMING FACILITIES
For the Year Ended September 30, 2019

	2019	2018
REVENUES		
Fees	\$ 3,877	\$ 4,086
Total Revenues	\$ 3,877	\$ 4,086
EXPENDITURES		
Salaries	\$ 25,517	\$ 24,144
Supplies	6,867	9,286
Employee Benefits	2,255	1,695
Utilities	1,014	924
Drug Testing	560	670
Repairs	268	510
Total Expenditures	\$ 36,481	\$ 37,229
EXCESS EXPENDITURES OVER REVENUES	\$< 32,604>	\$< 33,143>

City of Barnesville
 General Fund
**SCHEDULE OF TAX DIGEST FOR YEAR 2018
 AND TAX COLLECTIONS**
For the Year Ended September 30, 2019

	DIGEST VALUATIONS	TAXES ON VALUATIONS	AMOUNT OF TAXES ON DIGEST
SUMMARY OF AD VALOREM TAXES			
Digest of Taxpayers	\$143,948,482	\$ 561,342	
NODS	-----	-----	
Public Utilities	<u>2,801,432</u>	<u>11,141</u>	
 TOTAL ASSESSMENT	 \$146,749,914	 \$ 572,483	 \$ 572,483
	=====	=====	
Net Charge-On/Charge Offs			<u>10,569</u>
 TOTAL TAX DIGEST			 \$ 583,052
Collection of 2018 Taxes			<u>566,084</u>
 TOTAL 2018 TAXES RECEIVABLE			 \$ 16,968
 TOTAL PRIOR YEAR'S TAXES RECEIVABLE			 <u>16,820</u>
 TOTAL TAXES RECEIVABLE			 \$ 33,788
			=====

Proprietary Funds

City of Barnesville

Proprietary Funds

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

For the Year Ended September 30, 2019

	ELECTRIC	SANITATION	INDUSTRIAL DEVELOPMENT	TOTALS
OPERATING REVENUES				
Charges for Service	\$ 8,091,444	\$ 670,060	\$ -----	\$ 8,761,504
Miscellaneous (MEAG)	<u>665,200</u>	<u>-----</u>	<u>-----</u>	<u>665,200</u>
Total Operating Revenues	<u>\$ 8,756,644</u>	<u>\$ 670,060</u>	<u>\$ -----</u>	<u>\$ 9,426,704</u>
OPERATING EXPENSES				
Personal Services				
Salaries	\$ 556,206	\$ 37,005	\$ -----	\$ 593,211
Employee Benefits	<u>145,884</u>	<u>15,704</u>	<u>-----</u>	<u>161,588</u>
Total Personal Services	<u>\$ 702,090</u>	<u>\$ 52,709</u>	<u>\$ -----</u>	<u>\$ 754,799</u>
Operating Expenses				
Contractual Services	\$ 6,581,558	\$ 470,575	\$ 56,976	\$ 7,109,109
Supplies	59,566	8,773	-----	68,339
Gas and Oil	14,873	11,148	-----	26,021
Repairs and Maintenance	67,333	8,029	-----	75,362
Waste Disposal Fees	-----	19,675	-----	19,675
Landfill Post-closure	-----	39,288	-----	39,288
Miscellaneous	20,695	1,674	-----	22,369
Utilities	6,589	-----	-----	6,589
Depreciation	<u>34,599</u>	<u>1,107</u>	<u>20,700</u>	<u>56,406</u>
Total Operating Expenses	<u>\$ 6,785,213</u>	<u>\$ 560,269</u>	<u>\$ 77,676</u>	<u>\$ 7,423,158</u>
Total Expenses	<u>\$ 7,487,303</u>	<u>\$ 612,978</u>	<u>\$ 77,676</u>	<u>\$ 8,177,957</u>
OPERATING INCOME <LOSS>	<u>\$ 1,269,341</u>	<u>\$ 57,082</u>	<u>\$< 77,676></u>	<u>\$ 1,248,747</u>
NONOPERATING REVENUE <EXPENSE>				
Interest Revenue	\$ 661	\$ -----	\$ 7,761	\$ 8,422
Total Nonoperating Revenue (Expense)	<u>\$ 661</u>	<u>\$ -----</u>	<u>\$ 7,761</u>	<u>\$ 8,422</u>
NET INCOME <LOSS>	<u>\$ 1,270,002</u>	<u>\$ 57,082</u>	<u>\$< 69,915></u>	<u>\$ 1,257,169</u>

City of Barnesville

Proprietary Funds

DEPARTMENT OF SCHEDULE OF REVENUES AND EXPENDITURES

WATER AND SEWERAGE FUND

For the Year Ended September 30, 2019

	WATER	SEWERAGE	TOTALS
OPERATING REVENUES			
Charges for Service	\$ 1,872,423	\$ 1,872,423	\$ 3,744,846
Miscellaneous	<u>121,799</u>	<u>34,004</u>	<u>155,803</u>
Total Operating Revenues	<u>\$ 1,994,222</u>	<u>\$ 1,906,427</u>	<u>\$ 3,900,649</u>
OPERATING EXPENSES			
Personal Services			
Salaries	\$ 371,847	\$ -----	\$ 371,847
Employee Benefits	<u>115,659</u>	<u>-----</u>	<u>115,659</u>
Total Personal Services	<u>\$ 487,506</u>	<u>\$ -----</u>	<u>\$ 487,506</u>
Operating Expenses			
Contractual Services	\$ 494,988	\$ 482,471	\$ 977,459
Contract Labor	11,864	11,864	23,728
Supplies and Materials	107,377	107,377	214,754
Professional Fees	43,952	43,953	87,905
Utilities	2,648	-----	2,648
Depreciation	630,074	212,227	842,301
Equipment Repairs	9,692	6,104	15,796
Miscellaneous and other operating	<u>8,367</u>	<u>41,297</u>	<u>49,664</u>
Total Operating Expenses	<u>\$ 1,308,962</u>	<u>\$ 905,293</u>	<u>\$ 2,214,255</u>
Total Expenses	<u>\$ 1,796,468</u>	<u>\$ 905,293</u>	<u>\$ 2,701,761</u>
OPERATING INCOME <LOSS>	<u>\$ 197,754</u>	<u>\$ 1,001,134</u>	<u>\$ 1,198,888</u>
NONOPERATING REVENUE <EXPENSE>			
Interest Revenue	\$ 32,646	\$ 32,646	\$ 65,292
Interest Expense	<u>< 452,819></u>	<u>< 452,819></u>	<u>< 905,638></u>
TOTAL NONOPERATING REVENUE <EXPENSE>	<u>\$< 420,173></u>	<u>\$< 420,173></u>	<u>\$< 840,346></u>
NET INCOME <LOSS>	<u>\$< 222,419></u>	<u>\$ 580,961</u>	<u>\$ 358,542</u>
	=====	=====	=====

City of Barnesville
Proprietary Funds
COMBINED SCHEDULE OF CHANGES IN RESERVED FUND NET POSITIONS
WATER AND SEWERAGE DEBT RETIREMENT FUND
All Enterprise Funds
For the Year Ended September 30, 2019

	2011 A, B & C BOND SERIES			TOTALS
	DEBT SERVICE	DEBT SERVICE RESERVE	RENEWAL & EXTENSION FUND	WATER AND SEWERAGE DEBT RETIREMENT FUND
REVENUES				
Interest Income	\$ 7,551	\$ 38,308	\$ 19,434	\$ 65,293
EXPENSES				
Interest Expense	\$ 906,525	\$ -----	\$ -----	\$ 906,525
Trust Fees	<u>455</u>	<u>2,427</u>	<u>1,231</u>	<u>4,113</u>
TOTAL EXPENSES	\$ 906,980	\$ 2,427	\$ 1,231	\$ 910,638
INCOME (LOSS) BEFORE TRANSFERS	\$< 899,429>	\$ 35,881	\$ 18,203	\$< 845,345>
TRANSFERS				
From Water and Sewerage Fund	\$ 1,156,452	\$ -----	\$ -----	\$ 1,156,452
From Debt Service Reserve	<u>-----</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>
TOTAL TRANSFERS	\$ 1,156,452	\$ -----	\$ -----	\$ 1,156,452
NET INCOME	\$* 257,023	\$ 35,881	\$ 18,203	\$ 311,107
	=====	=====	=====	=====

* Not including Principal Reduction of \$355,000.

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

J. Robyn Underwood, CPA
Member of American Institute of Certified Public Accountants
202 Main Street • Barnesville, GA 30204
Phone: (678) 359-1414 • UnderwoodCPA@aol.com

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

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

We have audited the accompanying Schedule of Special Purpose Local Option Sales Tax for the City of Barnesville, Georgia for the fiscal year ended September 30, 2019. This schedule is the responsibility of the City of Barnesville's management. Our responsibility is to express an opinion on the Schedule of Special Purpose Local Option Sales Tax based on our audit.

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

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

In our opinion, the Schedule of Special Purpose of Local Option Sales Tax referred to above presents fairly, in all material respects, the original estimated cost, the current estimated costs, and the current and prior year expenditures for each project in the City of Barnesville's resolution or ordinance called for the tax for the fiscal year ended September 30, 2019, in conformity with accounting principles generally accepted in the United States of America.

J. Robyn Underwood, CPA
March 22, 2020

SPLOST Schedule

City of Barnesville
SCHEDULE OF PROJECTS CONSTRUCTED
WITH SPECIAL SALES TAX PROCEEDS
For the Year Ended September 30, 2019

PROJECT - 2017	ORIGINAL ESTIMATED COSTS	EXPENDITURES		Total	ESTIMATED PERCENTAGE OF COMPLETION
		PRIOR YEARS	CURRENT YEAR		
Improvements to Water And Sewer System	\$ 1,649,235	\$ -----	\$ -----	\$ -----	0%
Paving, Resurfacing and Construction of Roads (Including Drainage and Sidewalks)	550,000	-----	146,035	146,035	26.55%
Equipment	700,000	-----	181,120	181,120	25.87%
Construction and Renovation of Public Facilities	<u>660,000</u>	<u>-----</u>	<u>37,320</u>	<u>37,320</u>	5.65%
	<u>\$3,559,235</u>	<u>\$ -----</u>	<u>\$ 364,475</u>	<u>\$ 364,475</u>	

Proceeds received for FYE 9/30/19 - \$758,760 Interest Earned for FYE 9/30/19 - \$1,129.

J. Robyn Underwood, CPA

Member of American Institute of Certified Public Accountants

202 Main Street • Barnesville, GA 30204

Phone: (678) 359-1414 • UnderwoodCPA@aol.com

Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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

Honorable Mayor and
Members of the City Council
Barnesville, Georgia

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the City of Barnesville (the "City") as of and for the year ended September 30, 2019, and related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 22, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

J. Robyn Underwood, CPA
Barnesville, Georgia
March 22, 2020

City of Barnesville, Georgia
Schedule of Findings and Responses
For the Year Ended September 30, 2019

As of September 30, 2019, the schedule of findings and responses pertain to the following:

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

None

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

None.

Prior Year Findings

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

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

None.

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

None.

J. Robyn Underwood, CPA

Member of American Institute of Certified Public Accountants

202 Main Street • Barnesville, GA 30204

Phone: (678) 359-1414 • UnderwoodCPA@aol.com

Honorable Mayor and
Members of the Council
Barnesville, Georgia

Gentlemen:

We have concluded our examination of the financial statements of the City of Barnesville, Georgia for the fiscal year ended September 30, 2019. As we noted in our engagement letter, our firm believes that an auditor's responsibilities should include recommendations to the entity being audited for needed improvements to the financial and managerial systems. This letter includes the major observations and recommendations that we felt should be brought to your attention.

Financial Records:

We found the financial documentation records to be in good order. However, the financial reporting implemented by the financial software of six years is not completely operating effectively. We made adjustments to adequately reflect the correct financial status of the City. We have also suggested that some entries be made manually in order to record correctly.

The financial status of the various funds is as follows:

The General Fund had a fund balance decrease of \$383,863. Enterprise Funds had a combined increase of \$333,226 after operating transfers to the General Fund of \$1,282,486. The General Fund debt balance was \$0. The Enterprise Funds decreased its debt by \$649,900 leaving a total debt balance of \$26,022,975. We commend the City on the financial decisions made to improve the quality of its residents well being and the financial status of the City.

We certainly appreciate the cooperation and promptness extended by David, Tammy, Evelyn, Beretha and Tammy during our engagement. We will be available to discuss the matters reported and to answer any questions you may have on these items.

Sincerely,

J. Robyn Underwood, CPA, P.C.

March 22, 2020

APPENDIX D

Proposed Form of Continuing Disclosure Certificate

Continuing Disclosure Certificate

This Continuing Disclosure Certificate (this “Disclosure Agreement”) is executed and delivered by the City of Barnesville, Georgia (the “City”) in connection with the issuance by the City of \$18,585,000 in aggregate principal amount of its Water and Sewerage Revenue Refunding Bonds, Taxable Series 2020A (the “Series 2020A Bonds”), \$3,355,000 in aggregate principal amount of its Water and Sewerage Revenue Refunding Bonds, Taxable Series 2020B (the “Series 2020B Bonds” and together with the Series 2020A Bonds, the “Bonds”). The Bonds are being issued pursuant to a Bond Ordinance, adopted by the City on September 30, 2020, as amended and restated, including as amended and restated on October 29, 2020 (the “Bond Ordinance”). The City covenants and agrees as follows:

Section 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the City for the benefit of the Bondholders (as herein defined) of the Bonds and in order to assist the Participating Underwriter (as herein defined) in complying with the Rule (as herein defined).

Section 2. Definitions. In addition to the definitions set forth in the Bond Ordinance, which apply to any capitalized terms used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the City pursuant to the Rule and this Disclosure Agreement.

“Bondholders” shall mean any person who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) or (b) is treated as the owner of any Bonds for federal income tax purposes.

“City” shall mean the City of Barnesville, Georgia.

“City Reporting Date” shall mean the date by which the City is obligated to submit its audited financial statements and other financial and operating data to its dissemination agent.

“Dissemination Agent” shall mean any Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation, and initially shall mean the City.

“EMMA” shall mean MSRB’s Electronic Municipal Market Access System.

“Final Submission Date” shall mean the date by which the Annual Report is to be filed by the City with EMMA, which date is 270 days after the end of the City’s fiscal year.

“Financial Obligation” shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). This term shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Fiscal Year” shall mean any period of twelve consecutive months adopted by the City as its fiscal year for financial reporting purposes and shall initially mean the period beginning on October 1 of each calendar year and ending September 30 of the next calendar year.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board, or any successor thereto.

“Official Statement” shall mean the Official Statement of the City relating to the Bonds.

“Rule” shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State” shall mean the State of Georgia.

Section 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent (if any) to, not later than the Final Submission Date, provide to the MSRB in an electronic format as prescribed by the MSRB (which, as of the date hereof, is EMMA) an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. Not later than 15 business days prior to such date, the City shall provide the Annual Report to the Dissemination Agent (if any). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report. In such event, the audited financial statements will be submitted promptly upon their availability. In the event that the audited financial statements are not provided on the City Reporting Date and will be submitted at a later date, the City shall include unaudited financial statements of the City (excluding notes) in the information provided to the EMMA on the City Reporting Date and the City shall indicate in the Annual Report the date on which the audited financial statements of the City will be submitted. The audited financial statements of the City, when available, will be provided to EMMA.

(b) The City or the Dissemination Agent (if any) shall:

(i) determine each year prior to the date for providing the Annual Report the appropriate electronic format prescribed by the MSRB for filing with the MSRB and the proper form of such filing;

(ii) if the Annual Report is not distributed/filed (or the audited financial statements which were to be separately submitted) by the date required in subsection (a), send a notice to the MSRB in electronic format prescribed by the MSRB (which as of the date hereof is EMMA) in substantially the form attached as Exhibit A; and

(iii) if the Dissemination Agent is other than the City, file a report with the City certifying that the Annual Report has been provided pursuant to the Disclosure Agreement and the date provided.

Section 4. Content of Annual Reports. (a) The City’s Annual Report for each Fiscal Year shall contain or incorporate by reference the following:

(a) The City’s basic financial statements for the preceding Fiscal Year to be prepared in accordance with generally accepted accounting principles, as in effect from time to time and which shall be accompanied by an opinion letter, if available at the time of the submission of the Annual Report to the MSRB pursuant to Section 3(a) hereof, resulting from an audit conducted by an independent certified public accountant or firm of independent certified public accountants in conformity with generally accepted auditing standards.

(b) If generally accepted accounting principles changed from the previous Fiscal Year and if such changes are material to the City, a narrative description (as required by Section 8 of this Disclosure Agreement) of the impact of the changes on the City.

(c) To the extent not included in the City’s annual financial statements, information for the preceding Fiscal Year regarding the following categories of financial information and operating data contained in the Official Statement: “THE SYSTEM.”

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the City or related public entities, which have been submitted to the MSRB or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from EMMA. The City shall clearly identify each such other document so incorporated by reference.

Section 5. Reporting of Significant Events.

(a) Within ten (10) business days of the occurrence of one of the following Listed Events, the City or the Dissemination Agent (if any) shall file a notice of such occurrence with EMMA.

- (i) Principal and interest payment delinquencies.
- (ii) Non-payment related defaults, if material.
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (v) Substitution of credit or liquidity providers, or their failure to perform.
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, or a Notice of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other events affecting the tax status of the Bonds.
- (vii) Modification to rights of Bondholders, if material.
- (viii) Bond calls, if material, and tender offers.
- (ix) Defeasances.
- (x) Release, substitution or sale of property securing repayment of the Bonds, if material.
- (xi) Rating changes.
- (xii) Bankruptcy, insolvency, receivership, or a similar proceeding by an obligated person.
- (xiii) Consummation of a merger, consolidation, acquisition involving an obligated person, or sale of all or substantially all of the assets of an obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
- (xiv) Appointment of an additional or a successor trustee, or the change in name of a trustee, if material.
- (xv) Incurrence of a financial obligation of the issuer or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the issuer or obligated person, any of which affect security holders, if material; and
- (xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the issuer or obligated person, any of which reflect financial difficulties.

(b) The content of any notice of the occurrence of a listed event under subsection (a) above shall be determined by the City and shall be in substantially the form attached as Exhibit B.

Section 6. Termination of Reporting Obligation. The City's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If the City's obligations are assumed in full by some other entity, such person shall be responsible for compliance with this Disclosure Agreement in the same manner as if it were the City's, and the City shall have no further responsibility hereunder. The City, as applicable, will provide notice of such termination to the MSRB through EMMA.

Section 7. Dissemination Agent. The City may, from time to time, appoint a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and the City may, from time to time, discharge the Dissemination Agent, with or without appointing a successor Dissemination Agent.

Section 8. Amendment. Notwithstanding any other provision of this Disclosure Agreement, the City may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, if

(a) such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the obligor on the Bonds, or type of business conducted;

(b) such amendment or waiver does not materially impair the interests of the Bondholders, as determined either by an unqualified opinion of nationally recognized bond counsel filed with the City or by the approving vote of the Bondholders owning more than two-thirds in aggregate principal amount of the Bonds Outstanding at the time of such amendment or waiver; and

(c) such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, to the effect that such amendment or waiver would not, in and of itself, cause the undertakings in this Disclosure Agreement to violate the Rule if such amendment or waiver had been effective on the date of this Disclosure Agreement but taking into account any subsequent change in or official interpretation of the Rule, as well as any change in circumstances.

In the event that this Disclosure Agreement is amended or any provision of this Disclosure Agreement is waived, the first Annual Report containing any amended, or omitting any waived, operating data or financial information shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating data or financial information being provided in the Annual Report. If the amendment or waiver relates to the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and impact of the change in the accounting principles on the presentation of the financial information. To the extent reasonably feasible, the comparison must also be qualitative. A notice of the change in the accounting principles shall be filed with the MSRB in an electronic format as prescribed by the MSRB (which, as of the date hereof, is EMMA) on or before the effective date of any such amendment or waiver.

Section 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is required by this Disclosure Agreement. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the City shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the City to comply with any provision of this Disclosure Agreement, any Bondholder may initiate an action against the failing party to compel performance. A default under this Disclosure Agreement shall not be deemed a “default” or an “event of default” under the Bond Ordinance, and the sole remedy under this Disclosure Agreement in the event of any failure of any party to comply with this Disclosure Agreement shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Dissemination Agent may consult with counsel (who may, but need not, be counsel for any party hereto), and the opinion of such Counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance with the opinion of such Counsel. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the City, the Participating Underwriter, and Bondholders from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 13. Intermediaries; Expenses. The Dissemination Agent is hereby authorized to employ intermediaries to carry out its obligations hereunder. The Dissemination Agent shall be reimbursed immediately for all such expenses and any other reasonable expense incurred hereunder (including, but not limited to, attorney’s fees).

Section 14. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 15. Governing Law. This Disclosure Agreement shall be governed by and construed in accordance with the laws of the State of Georgia.

Section 16. Severability. In case any one or more of the provisions of this Disclosure Agreement shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Disclosure Agreement, but this Disclosure Agreement shall be construed and enforced as if such illegal or invalid provision had not been contained herein.

Date: November __, 2020.

CITY OF BARNESVILLE, GEORGIA

By:

Its: Mayor

EXHIBIT A

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Obligated Person: City of Barnesville, Georgia

Name of Bond Issues: Water and Sewerage Revenue Refunding Bonds, Taxable Series 2020A (the "Series 2020A Bonds") and Water and Sewerage Revenue Refunding Bonds, Taxable Series 2020B (the "Series 2020B Bonds" and, together with the Series 2020A Bonds, the "Bonds").

CUSIP Number¹ _____

Date of Issuance: _____, 201_

NOTICE IS HEREBY GIVEN that the City of Barnesville has not provided an Annual Report due with respect to the above-named Bonds as required by its Continuing Disclosure Certificate, dated _____, 201_. The City of Barnesville anticipates that the Annual Report will be filed by _____.

This notice is based on the best information available at the time of dissemination. Any questions regarding this notice should be directed to _____.

Dated: _____

CITY OF BARNESVILLE

By:

Its: Mayor

¹No representation is made as to the correctness of the CUSIP number either as printed on the Bonds or as contained herein, and reliance may only be placed on other bond identification contained herein.

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APPENDIX E

Proposed Form of Opinion of Bond Counsel

November __, 2020

City of Barnesville
Barnesville, Georgia

Re: City of Barnesville \$18,585,000 Water and Sewerage Revenue Refunding Bonds, Taxable Series 2020A, and \$3,355,000 Water and Sewerage Revenue Refunding Bonds, Taxable Series 2020B

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the City of Barnesville (the "City") of \$18,585,000* in aggregate principal amount of its Water and Sewerage Revenue Refunding Bonds, Taxable Series 2020A (the "Series 2020A Bonds"), and \$3,355,000* in aggregate principal amount of its Water and Sewerage Revenue Refunding Bonds, Taxable Series 2020B (the "Series 2020B Bonds" and, together with the Series 2020A Bonds, the "Bonds"). In such capacity, we have examined such laws and such certified proceedings and other documents as we have deemed necessary to render this opinion.

The Bonds are issued pursuant to the Constitution and laws of the State of Georgia, including specifically the Revenue Bond Law of the State of Georgia, as amended (codified at O.C.G.A. Sections 36-82-60, *et seq.*; the "Revenue Bond Law"), and the Bond Ordinance of the City adopted on September 30, 2020, as amended and restated on October 29, 2020 (the "Bond Ordinance"). Under the Bond Ordinance, the City has pledged certain revenues (the "Net Revenues") for the payment of the principal of and premium (if any) and interest on the Bonds when due. Any capitalized term used herein but not defined shall have the meaning assigned to such term in the Bond Ordinance.

Regarding questions of fact material to our opinion, we have relied upon (i) the representations of the City, (ii) the certified proceedings of the City, (iii) a validation order of the Superior Court of Lamar County, Georgia, with respect to the Bonds and the Bond Ordinance, and (iv) the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based on the foregoing, we are of the opinion that under existing law:

1. The City is validly existing as a municipal corporation of the State of Georgia with the power to adopt the Bond Ordinance, perform the agreements on its part contained therein, and issue the Bonds.
2. The Bond Ordinance has been duly adopted by the City and constitutes a valid and binding obligation of the City enforceable against the City.
3. The Bond Ordinance creates a valid lien on the Net Revenues and other funds pledged by the Bond Ordinance for the security of the Bonds on a parity with other bonds (if any) issued or to be issued under the Bond Ordinance.
4. The Bonds have been duly authorized, executed and delivered by the City and are valid and binding limited obligations of the City, payable solely from the Net Revenues and other funds provided therefor in the Bond Ordinance.
5. As of the date hereof, interest on the Bonds is exempt from state income taxation within the State of Georgia.

We express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds and the Bond Ordinance may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Bonds.

This opinion is given as of the date hereof and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

ALSTON & BIRD LLP

By: _____
a Partner

APPENDIX F

Specimen Municipal Bond Insurance Policy

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MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By _____
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.
1633 Broadway, New York, N.Y. 10019
(212) 974-0100

Form 500NY (5/90)

