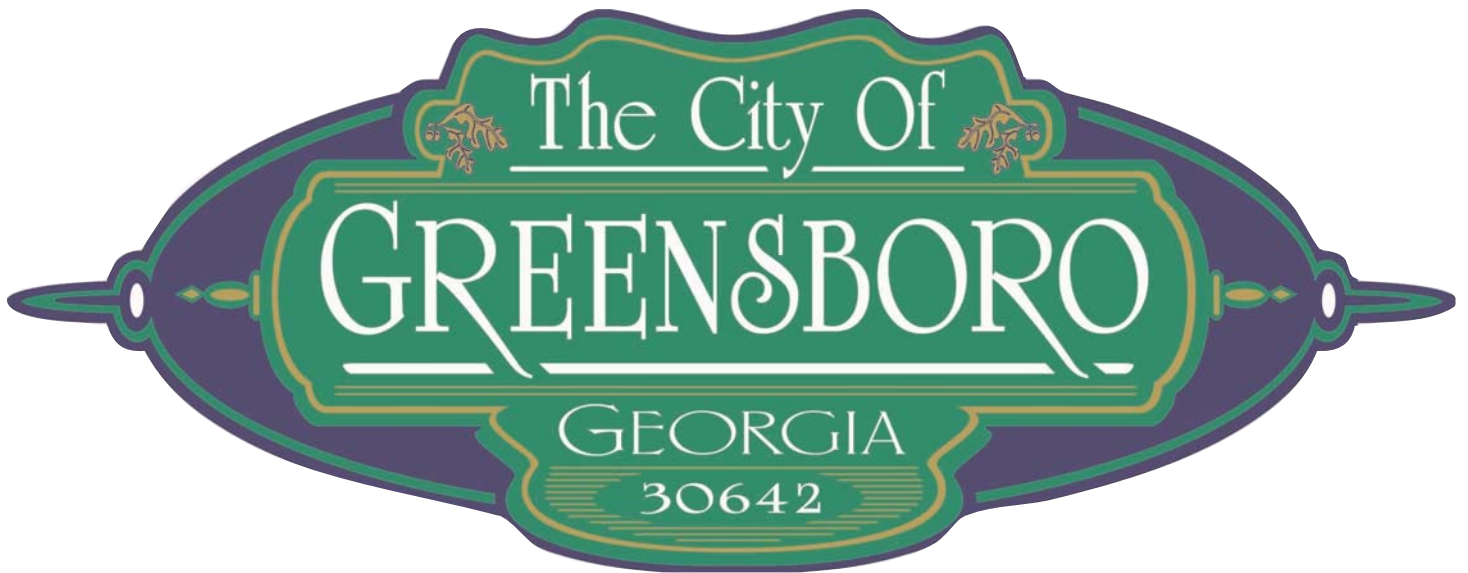


# **CITY OF GREENSBORO GEORGIA**



## **ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2016**

**CITY OF GREENSBORO, GEORGIA**  
**INDEPENDENT AUDITOR'S REPORT**  
**AND FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED**  
**SEPTEMBER 30, 2016**

CITY OF GREENSBORO, GEORGIA  
ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016  
TABLE OF CONTENTS

	<u>Page</u>
<b>INDEPENDENT AUDITOR’S REPORT</b> .....	1 – 3
<b>MANAGEMENT’S DISCUSSION &amp; ANALYSIS</b> .....	4 – 12
<b>FINANCIAL STATEMENTS</b>	
Government-wide Financial Statements:	
Statement of Net Position .....	13 – 14
Statement of Activities .....	15 – 16
Fund Financial Statements:	
Balance Sheet – Governmental Funds .....	17
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position .....	18
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds .....	19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	20
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund .....	21 – 22
Statement of Net Position – Proprietary Funds .....	23 – 24
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds .....	25 – 26
Statement of Cash Flows – Proprietary Funds .....	27 – 28
Notes to the Financial Statements .....	29 – 53
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Schedule of Changes in the Net Pension Liability and Related Ratios .....	54
Schedule of Contributions .....	55
Notes to the Required Supplementary Information .....	56 - 57
<b>SUPPLEMENTARY INFORMATION</b>	
<u><b>Governmental Funds</b></u>	
<b>Nonmajor Governmental Funds:</b>	
Combining Balance Sheet – Nonmajor Governmental Funds .....	58

CITY OF GREENSBORO, GEORGIA  
ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

TABLE OF CONTENTS  
(CONTINUED)

	<u>Page</u>
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds.....	59
Confiscated Assets Fund Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual .....	60
Hotel/Motel Tax Fund Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual .....	61
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – From Inception: Reynolds St. CDBG .....	62
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – From Inception: Water Improvements CDBG.....	63
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – From Inception: Redevelopment CDBG.....	64
Schedule of Projects Constructed with Special Sales Tax Proceeds .....	65
Component Units Balance Sheet-Better Hometown .....	66
Statement of Revenues, Expenditures, and Changes in Fund Balances-Better Hometown .....	67
Balance Sheet-Downtown Development Authority .....	68
Statement of Revenues, Expenditures, and Changes in Fund Balances-Downtown Development Authority .....	69

**GOVERNMENTAL REPORTS**

Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	70– 71
Schedule of Findings and Responses.....	72 – 77

**INDEPENDENT AUDITOR'S REPORT**

To the Mayor and Council of the  
City of Greensboro, Georgia

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Greensboro, Georgia (the "City") as of and for the fiscal year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

**Auditor's Responsibility**

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Greensboro, Georgia, as of September 30, 2016, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the fiscal 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 information on pages 4 through 12, the schedule of changes in the City's net pension liability and related ratios on page 54, the schedule of City contributions on page 55, and the notes to the required supplementary information on pages 56 and 57 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Greensboro, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements and schedules, the schedule of project expenditures with special sales tax proceeds, and the component unit's financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.


The combining and individual nonmajor fund financial statements and schedules, the schedule of project expenditures with special sales tax proceeds, and the component units financial statements 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 State of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules, the schedule of project expenditures with special sales tax proceeds, and the component unit's financial

statements 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 August 25, 2017 on our consideration of City of Greensboro'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 the 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 Greensboro, Georgia's internal control over financial reporting and compliance.

Macon, Georgia  
August 25, 2017

A handwritten signature in black ink, appearing to read "Charles H. McKelvey". The signature is written in a cursive, flowing style with a large initial "C".

## **MANAGEMENT'S DISCUSSION & ANALYSIS**



## **CITY OF GREENSBORO, GEORGIA MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of the City of Greensboro Georgia, we present management's analysis of the City's financial condition and activities for the fiscal year ended September 30, 2016. This information should be read and considered in conjunction with the financial statements.

### **Financial Highlights**

- The assets of the City exceeded its liabilities at the close of fiscal year 2016 by \$17,352,631 (total net position). Of this amount, \$2,032,228, (unrestricted net position) was available for use to meet the City's ongoing obligations to its citizens and creditors.
- The City's total net position decreased by \$371,497 during the most recent fiscal year resulting from governmental and business-type activities.
- At the close of fiscal year 2016, the City's governmental funds reported combined ending fund balances of \$1,113,027. This is a decrease of \$412,729 from prior year.
- At the end of the fiscal year, the total fund balance for the general fund was \$462,298. This is a decrease of \$8,515 from prior year.

### **Overview of the Financial Statements**

Management's Discussion and Analysis (MD&A) serves as an introduction to the City of Greensboro's basic financial statements. The City's basic financial statements include the government-wide financial statements, fund financial statements, and notes to the financial statements. The MD&A should be read and considered with the basic audited financial statements and supplementary information.

**Government-wide Financial Statements.** The government-wide financial statements are designed to provide readers with an overview of the City's finances in a manner similar to commercial enterprises.

The statement of net position presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected property taxes and earned but unused vacation leave).

CITY OF GREENSBORO, GEORGIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(CONTINUED)

Both of the government-wide financial statements distinguish between functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, judicial, public safety, public works, culture and recreation, and housing and development. The business-type activities of the City include water and sewer and natural gas.

**Fund Financial Statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the City's funds can be divided into governmental funds and proprietary funds.

**Governmental funds.** Government funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains eleven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances for the general fund, the SPLOST 2015 fund, and the CDBG Redevelopment fund which are considered major funds. The data from the eight other funds, the nonmajor funds, is aggregated into a single presentation. The individual fund data for each of these nonmajor funds is provided in the form of combining statements on pages 58 through 59.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement for these funds has been provided to demonstrate compliance with this budget. The City also adopted an annual budget for its special revenue funds. A project length budget was adopted for its capital project funds. Budgetary comparisons for these nonmajor funds are included as supplementary information.

CITY OF GREENSBORO, GEORGIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(CONTINUED)

The City of Greensboro reports the following categories of fund balance within the Governmental fund types:

- (1) **Nonspendable Fund Balance** - These are amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact. Some examples include prepaid expenses, Cemetery principle.
- (2) **Restricted Fund Balance** - These are amounts that can be spent only for specific purposes stipulated by limitation imposed by creditors, grantors, contributors, laws, regulations, and enabling legislation. These limitations are imposed by entities, laws and regulations external to the organization. Some examples include Confiscated Assets fund, TEA Grant fund, and SPLOST.
- (3) **Assigned Fund Balance** - This includes amounts to be used by the government for a specific purpose. These are amounts that do not meet the definition of restricted or committed fund balance. This intent can be expressed by the Mayor and City Council.
- (4) **Unassigned Fund Balance** - These are the funds in excess of the other categories and are available for any purpose.

**Proprietary funds.** The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer system operations and its natural gas system operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information on the Water and Sewer Fund, the Natural Gas Fund. These two funds are considered to be major funds of the City.

**Notes to the financial statements.** The notes provide information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes provide information about the City's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

**Other supplementary information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information regarding the City's obligation in funding pension benefits to its employees.

#### **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. The assets and deferred outflow of resources exceeded the liabilities and deferred inflow of resources at the close of fiscal year 2016 by \$17,352,631.

The largest component of the City's net position is the net investment in capital assets (e.g. land, buildings, infrastructure, machinery and equipment); less any related debt used to acquire those assets that are still outstanding, which comprises \$13,945,804 or 80.4%. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for

CITY OF GREENSBORO, GEORGIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(CONTINUED)

future spending. Although the City's net investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Greensboro Net Position						
	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<b>Assets:</b>						
Current assets	\$ 1,601,079	\$ 1,783,741	\$ 2,234,408	\$ 2,450,421	\$ 3,835,487	\$ 4,234,162
Other assets	-	-	2,175,586	2,196,740	2,175,586	2,196,740
Capital assets	4,712,664	4,469,322	11,078,116	11,506,091	15,790,780	15,975,413
<b>Total assets</b>	<u>6,313,743</u>	<u>6,253,063</u>	<u>15,488,110</u>	<u>16,153,252</u>	<u>21,801,853</u>	<u>22,406,315</u>
<b>Deferred Outflows of Resources:</b>						
Deferred charge on refunding	-	-	49,528	66,038	49,528	66,038
pensions	319,612	195,948	124,293	88,034	443,905	283,982
<b>Total deferred outflows of resources</b>	<u>319,612</u>	<u>195,948</u>	<u>173,821</u>	<u>154,072</u>	<u>493,433</u>	<u>350,020</u>
<b>Liabilities:</b>						
Current liabilities	496,533	267,473	716,980	839,016	1,213,513	1,106,489
Long-term liabilities	537,366	343,462	3,122,371	3,489,717	3,659,737	3,833,179
<b>Total liabilities</b>	<u>1,033,899</u>	<u>610,935</u>	<u>3,839,351</u>	<u>4,328,733</u>	<u>4,873,250</u>	<u>4,939,668</u>
<b>Deferred Inflow of Resources:</b>						
Deferred inflows related to pensions	49,972	63,853	19,433	28,686	69,405	92,539
<b>Total deferred inflow of resources</b>	<u>49,972</u>	<u>63,853</u>	<u>19,433</u>	<u>28,686</u>	<u>69,405</u>	<u>92,539</u>
<b>Net position:</b>						
Net investment in capital assets	4,712,664	4,469,322	9,233,140	9,285,369	13,945,804	13,754,691
Restricted for debt service	-	-	723,870	711,521	723,870	711,521
Restricted for capital outlay	548,929	936,507	-	-	548,929	936,507
Restricted for other purposes	101,800	118,371	-	-	101,800	118,371
Unrestricted	186,091	250,023	1,846,137	1,953,015	2,032,228	2,203,038
<b>Total net position</b>	<u>\$ 5,549,484</u>	<u>\$ 5,774,223</u>	<u>\$ 11,803,147</u>	<u>\$ 11,949,905</u>	<u>\$ 17,352,631</u>	<u>\$ 17,724,128</u>

An additional portion of the City's net position, \$1,374,599 or 7.9% represents resources that are subject to external restrictions on how they may be used. Of this amount, \$97,611 is restricted for cemetery maintenance, \$4,189 is restricted for public safety, and \$548,929 is restricted for capital projects. Another category of this portion of the City's net position is restricted for debt service in the amount of \$723,870; this represents water and sewer reserve accounts set aside as emergency funds for a year's obligation for the City's outstanding water and sewer revenue bonds.

**CITY OF GREENSBORO, GEORGIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(CONTINUED)**

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position.

City of Greensboro Changes in Net Position						
	Governmental		Business-Type			
	Activities		Activities		Total	
Revenues:	2016	2015	2016	2015	2016	2015
Program Revenues:						
Charges for services	\$ 98,453	\$ 312,148	\$ 5,064,578	\$ 5,695,749	\$ 5,163,031	\$ 6,007,897
Operating grants/contributions	392,878	411,083	-	-	392,878	411,083
Capital grants/contributions	1,122,494	976,685	92,523	107,700	1,215,017	1,084,385
General Revenues:						
Property taxes	582,135	563,550	-	-	582,135	563,550
Sales tax	711,181	696,196	-	-	711,181	696,196
Franchise tax	356,379	351,654	-	-	356,379	351,654
Insurance premium tax	193,457	181,167	-	-	193,457	181,167
Other tax	380,154	361,683	-	-	380,154	361,683
Investment earnings	1,239	1,069	7,004	149,002	8,243	150,071
Proceeds from sale of property	-	-	-	22,000	-	22,000
Miscellaneous	71,260	130,848	-	12,568	71,260	143,416
Total revenue	3,909,630	3,986,083	5,164,105	5,987,019	9,073,735	9,973,102
Expenses:						
General Government	668,879	599,874	-	-	668,879	599,874
Judicial	81,278	78,182	-	-	81,278	78,182
Public safety	2,049,482	1,925,147	-	-	2,049,482	1,925,147
Public works	1,478,797	1,285,264	-	-	1,478,797	1,285,264
Health and welfare	903	-	-	-	903	-
Culture and recreation	216,478	223,018	-	-	216,478	223,018
Housing and development	636,328	547,582	-	-	636,328	547,582
Interest	-	2,202	-	-	-	2,202
Water and sewer	-	-	1,908,676	1,918,707	1,908,676	1,918,707
Natural gas	-	-	2,404,411	3,018,349	2,404,411	3,018,349
Total expenses	5,132,145	4,661,269	4,313,087	4,937,056	9,445,232	9,598,325
Change in net position before transfers	(1,222,515)	(675,186)	851,018	1,049,963	(371,497)	374,777
Transfers	997,776	1,231,420	(997,776)	(1,231,420)	-	-
Change in net position	(224,739)	556,234	(146,758)	(181,457)	(371,497)	374,777
Net Position, beginning	5,774,223	5,217,989	11,949,905	12,131,362	17,724,128	17,349,351
Net Position, ending	\$ 5,549,484	\$ 5,774,223	\$ 11,803,147	\$ 11,949,905	\$ 17,352,631	\$ 17,724,128

CITY OF GREENSBORO, GEORGIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(CONTINUED)

**Revenues.** Sales tax of \$711,181 and property tax of \$582,135 accounted for 56.3% of total general revenues.

Operating grants and contributions for governmental activities consisted of the following:

- Public safety – fire protection funds of \$31,447 and student resource officer funds of \$217,000 received from Greene County and Safety Enhancement Grant funds in the amount of \$88,183 from Georgia Department of Transportation.
- Public works – Local Maintenance & Improvement Grant funds in the amount of \$37,018 from Georgia Department of Transportation.
- Community Home Investment Program for renovation projects in the amount of \$6,650.

Capital grants and contributions for governmental consisted of the following:

- SPLOST revenue and interest earnings on the SPLOST funds in the amount of \$814,641.
- CDBG redevelopment fund grant for economic development in the amount of \$307,853.

**Expenses.** The total expense for the governmental activities is \$5,132,145. The largest expenditure is public safety. Public safety includes the police & fire. The total public safety expense is \$2,049,482 or 40% of total governmental activity expense.

**Business-type activities.** The change in net position for the Business-type activities was a decrease of \$146,758. However, this includes transfers to governmental funds in the amount of \$997,776.

**Revenues.** Water and sewer operating revenue was \$2,256,724. Natural gas operating revenue was \$2,807,854. Water and sewer revenue is derived from the sale of water and sewer services to the citizens of the City. Natural gas revenue is derived from the sale of natural gas to the citizens of the City.

**Expenses.** Water and sewer operating expense was \$1,806,655. Natural gas operating expense was \$2,324,499.

### **Financial Analysis of the City of Greensboro's Funds**

The City of Greensboro uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. 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.

CITY OF GREENSBORO, GEORGIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(CONTINUED)

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$1,113,027. The general fund is the chief operating fund of the City.

**Proprietary funds.** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Water and Sewer Fund at September 30, 2016 was \$300,095; Natural Gas Fund \$1,546,042. The total change in Water and Sewer net position was an increase of \$66,214 the Water and Sewer fund had a net income of \$351,009 before contributions and transfers. The Natural Gas fund's net position decreased by \$212,972; the Natural Gas fund had a net income of \$500,009 before contributions and transfers.

### **General Fund Budgetary Highlights**

Differences between the original budgeted expenditures and the final amended budgeted expenditures are approximately \$218,300 or 6% of the original budget. The increase in budgeted expenditures is attributable primarily for grant projects in the street department which were funded by grants and increased costs in the police department. Budgeted revenues increased from the original budget in the amount of \$218,300. The increase is for grant revenue and sales tax.

During the year, actual revenues were more than budgetary estimates by \$2,046 and actual expenditures were less than budgetary estimates by \$55,423.

### **Capital Assets and Debt Administration**

**Capital Assets.** The City's capital asset balance for its governmental and business-type activities as of September 30, 2016 amounts to \$15,790,780 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, infrastructure, building, equipment and vehicles. (Note 8)

Major capital asset events during the current fiscal year include the following:

Governmental-type activities:

- The Street department purchased a John Deere backhoe which totaled \$67,374.
- The Fire department purchased a new fire truck which totaled \$282,350.
- The Police department purchased several used vehicles totaling \$42,032.
- The Street department purchased a used vehicle totaling \$8,000.
- The City continued the I-20 Corridor project. During 2016 fiscal year, \$44,833 was spent on this project.
- The City continued the Reynolds Drive project. During fiscal year 2016, \$4,322 was spent on this project.
- The City continued the Mill Street Storm Sewer Project. During fiscal year 2016, \$43,049 was spent on this project.

CITY OF GREENSBORO, GEORGIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(CONTINUED)

Business-type activities:

- The City continued improvements to the Sanitary Sewer System totaling \$1,920 during fiscal year 2016.
- The Gas fund completed extensions to the system in the amount of \$51,907.

City of Greensboro						
Capital Assets						
(net of depreciation)						
	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Land	\$ 1,191,843	\$ 1,191,843	\$ 394,874	\$ 394,874	\$ 1,586,717	\$ 1,586,717
Construction in progress	1,010,921	918,717	162,279	160,359	1,173,200	1,079,076
Building & improvements	900,630	929,221	8,894,689	9,619,008	9,795,319	10,548,229
Infrastructure	818,567	893,089	1,296,419	886,304	2,114,986	1,779,393
Equipment	163,123	136,419	319,374	431,210	482,497	567,629
Furniture & fixtures	1,135	1,510	-	-	1,135	1,510
Vehicles	626,445	398,523	10,481	14,336	636,926	412,859
<b>Total</b>	<u>\$ 4,712,664</u>	<u>\$ 4,469,322</u>	<u>\$ 11,078,116</u>	<u>\$ 11,506,091</u>	<u>\$ 15,790,780</u>	<u>\$ 15,975,413</u>

**Long-term debt.** At the end of the current fiscal year, the City had total outstanding revenue bond and loan indebtedness in the amount of \$3,369,975. Water and Sewerage Revenue Bonds account for \$967,049. The water and sewerage revenue bonds represent bonds secured solely by a pledge of and a lien on the net revenues of the Water & Sewer System. The City issued Combined Utility Revenue Refunding & Improvement Bonds, Series 2013. These bonds are reported as a liability in the Gas Fund. The outstanding balance of these bonds was \$ 1,525,000 at year end. There is a note payable to GEFA in the Water Sewer Fund of \$877,926.

City of Greensboro						
Outstanding Debt						
	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Revenue Bonds	\$ -	\$ -	\$ 2,492,049	\$ 2,842,050	\$ 2,492,049	\$ 2,842,050
Notes Payable	-	-	877,926	938,672	877,926	938,672
<b>Total</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,369,975</u>	<u>\$ 3,780,722</u>	<u>\$ 3,369,975</u>	<u>\$ 3,780,722</u>

Readers should refer to the notes to the financial statements for more detail on capital assets (Note 8) and long-term debt activity. (Note 9)



CITY OF GREENSBORO, GEORGIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(CONTINUED)

**Economic Factors and Budgeting Considerations**

Economic activity continues to improve in the City of Greensboro. However, the rising cost of health insurance premiums continues to be a challenge for the City to manage.

Any new capital projects are precipitated by grants or SPLOST funds, and not from the general fund or enterprise funds.

**Requests for Information**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the City Manager, City of Greensboro 212 North Main Street, Greensboro, Georgia, 30642.

## **FINANCIAL STATEMENTS**

## CITY OF GREENSBORO, GEORGIA

## STATEMENT OF NET POSITION

SEPTEMBER 30, 2016

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Better Hometown	Downtown Development Authority
<u>ASSETS</u>					
Current Assets					
Cash and cash equivalents	\$ 853,842	\$ 822	\$ 854,664	\$ 15,930	\$ 25,904
Certificate of deposit	109,409	245,100	354,509	-	-
Restricted cash and cash equivalents:					
Cash and cash equivalents	-	755,752	755,752	-	-
Certificate of deposit	-	534,637	534,637	-	-
Receivables, net of allowance					
Taxes	26,313	-	26,313	-	-
Accounts	80,514	663,292	743,806	-	-
Intergovernmental	478,413	-	478,413	735	-
Prepays	52,588	34,805	87,393	-	-
Total Current Assets	1,601,079	2,234,408	3,835,487	16,665	25,904
Noncurrent Assets					
Investment-joint venture	-	2,175,586	2,175,586	-	-
Capital assets					
Nondepreciable	2,202,764	557,154	2,759,918	-	50,000
Depreciable, net of accumulated depreciation	2,509,900	10,520,962	13,030,862	-	1,829,260
Total Noncurrent Assets	4,712,664	13,253,702	17,966,366	-	1,879,260
Total Assets	6,313,743	15,488,110	21,801,853	16,665	1,905,164
<u>DEFERRED OUTFLOW OF RESOURCES</u>					
Deferred charge on refunding	-	49,528	49,528	-	-
Deferred outflows of resources related to pensions	319,612	124,293	443,905	-	-
Total Deferred Outflow of Resources	319,612	173,821	493,433	-	-

The notes to the financial statements are an integral part of the basic financial statements.

## CITY OF GREENSBORO, GEORGIA

STATEMENT OF NET POSITION  
SEPTEMBER 30, 2016  
(CONTINUED)

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Better Hometown	Downtown Development Authority
<b>LIABILITIES</b>					
Accounts payable	414,243	239,534	653,777	2,763	-
Accrued expenses	50,891	9,221	60,112	-	-
Customer deposits	-	30,710	30,710	-	-
Due to primary government	-	-	-	-	735
Noncurrent liabilities					
Due within one year:					
Notes payable	-	63,246	63,246	-	-
Revenue bonds payable	-	360,000	360,000	-	-
Compensated absences	31,399	14,269	45,668	-	-
Due in more than one year:					
Notes payable	-	814,680	814,680	-	-
Revenue bonds payable	-	2,098,715	2,098,715	-	-
Net pension liability	537,366	208,976	746,342	-	-
Total Liabilities	1,033,899	3,839,351	4,873,250	2,763	735
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred Inflows of resources related to pensions	49,972	19,433	69,405	-	-
Total Deferred Inflows of Resources	49,972	19,433	69,405	-	-
<b>NET POSITION</b>					
Net investment in capital assets	4,712,664	9,233,140	13,945,804	-	1,879,260
Restricted for					
Debt service	-	723,870	723,870	-	-
Cemetery maintenance	97,611	-	97,611	-	-
Law enforcement	4,189	-	4,189	-	-
Capital outlay	548,929	-	548,929	-	-
Unrestricted	186,091	1,846,137	2,032,228	13,902	25,169
Total Net Position	\$ 5,549,484	\$ 11,803,147	\$ 17,352,631	\$ 13,902	\$ 1,904,429

The notes to the financial statements are an integral part of the basic financial statements.

## CITY OF GREENSBORO, GEORGIA

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 668,879	\$ 96,870	\$ 12,580	\$ 58
Judicial	81,278	-	-	-
Public safety	2,049,482	1,583	336,630	-
Public works	1,478,797	-	37,018	1,122,436
Health and welfare	903	-	-	-
Culture and recreation	216,478	-	-	-
Housing and development	636,328	-	6,650	-
Total Governmental Activities	<u>5,132,145</u>	<u>98,453</u>	<u>392,878</u>	<u>1,122,494</u>
Business-Type Activities				
Water & Sewer	1,908,676	2,256,724	-	-
Gas System	2,404,411	2,807,854	-	92,523
Total Business-Type Activities	<u>4,313,087</u>	<u>5,064,578</u>	<u>-</u>	<u>92,523</u>
Total Primary Government	<u>\$ 9,445,232</u>	<u>\$ 5,163,031</u>	<u>\$ 392,878</u>	<u>\$ 1,215,017</u>
Component Units				
Better Hometown	\$ 86,101	\$ -	\$ 67,473	\$ -
Downtown Development Authority	50,822	-	8,418	10,144
Total Component Units	<u>\$ 136,923</u>	<u>\$ -</u>	<u>\$ 75,891</u>	<u>\$ 10,144</u>

## General Revenues

Property tax

Sales tax

Franchise tax

Other tax

Investment earnings

Miscellaneous

## Total General Revenues

## Transfers

## Total General Revenues and Transfers

## Change in Net Position

Net Position - Beginning of year

Net Position - End of year

The notes to the financial statements are an integral part of the basic financial statements.

CITY OF GREENSBORO, GEORGIA

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016  
(CONTINUED)

Net (Expense) Revenue and Changes in Net Position			Component Units	
Primary Government				
Governmental Activities	Business-Type Activities	Total	Better Hometown	Downtown Development Authority
\$ (559,371)	\$ -	\$ (559,371)		
(81,278)	-	(81,278)		
(1,711,269)	-	(1,711,269)		
(319,343)	-	(319,343)		
(903)	-	(903)		
(216,478)	-	(216,478)		
(629,678)	-	(629,678)		
(3,518,320)	-	(3,518,320)		
-	348,048	348,048		
-	495,966	495,966		
-	844,014	844,014		
(3,518,320)	844,014	(2,674,306)		
			\$ (18,628)	\$ -
			-	(32,260)
			(18,628)	(32,260)
582,135	-	582,135	-	-
711,181	-	711,181	-	-
356,379	-	356,379	-	-
573,611	-	573,611	-	-
1,239	7,004	8,243	11	2
71,260	-	71,260	-	-
2,295,805	7,004	2,302,809	11	2
997,776	(997,776)	-	-	-
3,293,581	(990,772)	2,302,809	11	2
(224,739)	(146,758)	(371,497)	(18,617)	(32,258)
5,774,223	11,949,905	17,724,128	32,519	1,936,687
\$ 5,549,484	\$ 11,803,147	\$ 17,352,631	\$ 13,902	\$ 1,904,429

The notes to the financial statements are an integral part of the basic financial statements.

## CITY OF GREENSBORO, GEORGIA

BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2016

	General Fund	SPLOST 2015	CDBG Redevelopment Fund	Non-Major Governmental Funds	Total Governmental Funds
<u>ASSETS</u>					
Cash and cash equivalent	\$ 269,378	\$ 557,299	\$ -	\$ 27,165	\$ 853,842
Certificates of deposit	30,080	-	-	79,329	109,409
Receivables, net of allowance					
Taxes	26,313	-	-	-	26,313
Accounts	74,742	-	-	5,772	80,514
Intergovernmental	90,145	133,265	248,353	6,650	478,413
Due from other funds	109,663	-	-	3,373	113,036
Prepays	52,588	-	-	-	52,588
Total Assets	<u>\$ 652,909</u>	<u>\$ 690,564</u>	<u>\$ 248,353</u>	<u>\$ 122,289</u>	<u>\$ 1,714,115</u>
<u>LIABILITIES</u>					
Accounts payable	\$ 113,429	\$ 44,866	\$ 248,353	\$ 7,595	\$ 414,243
Accrued expenses	50,891	-	-	-	50,891
Due to other funds	3,373	103,711	-	5,952	113,036
Total Liabilities	<u>167,693</u>	<u>148,577</u>	<u>248,353</u>	<u>13,547</u>	<u>578,170</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Unavailable revenue - property taxes	22,918	-	-	-	22,918
Total Deferred Inflows of Resources	<u>22,918</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,918</u>
<u>FUND BALANCES</u>					
Nonspendable	52,588	-	-	-	52,588
Restricted	-	541,987	-	108,742	650,729
Unassigned	409,710	-	-	-	409,710
Total Fund Balances	<u>462,298</u>	<u>541,987</u>	<u>-</u>	<u>108,742</u>	<u>1,113,027</u>
Total Liabilities, Deferred inflows of Resources and Fund Balances	<u>\$ 652,909</u>	<u>\$ 690,564</u>	<u>\$ 248,353</u>	<u>\$ 122,289</u>	<u>\$ 1,714,115</u>

The notes to the financial statements are an integral part of the basic financial statements.

CITY OF GREENSBORO, GEORGIA

RECONCILIATION OF THE BALANCE SHEET  
OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2016

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

Total Fund Balances - Governmental Funds	\$ 1,113,027
Capital Assets	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Cost of the assets	8,040,917
Accumulated depreciation	(3,328,253)
Deferred outflows of resources	
Related to pensions	319,612
Long-term Liabilities	
Long-term liabilities, including capital lease payable, are not due and payable in the current period and, therefore, are not reported in the funds.	
Compensated absences	(31,399)
Net pension liability	(537,366)
Deferred inflows of resources	
Related to pensions	(49,972)
Revenues	
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.	22,918
Total Net Position of Governmental Activities	<u>\$ 5,549,484</u>

The notes to the financial statements are an integral part of the basic financial statements.



## CITY OF GREENSBORO, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

	General Fund	SPLOST 2015	CDBG Redevelopment Fund	Non-Major Governmental Funds	Total Governmental Funds
<u>REVENUES</u>					
Taxes					
Property tax	\$ 581,128	\$ -	\$ -	\$ -	\$ 581,128
Sales tax	711,181	-	-	-	711,181
Other taxes	873,754	-	-	56,236	929,990
License and permits	12,647	-	-	-	12,647
Intergovernmental	386,228	814,583	307,853	6,650	1,515,314
Charges for Services	593	-	-	-	593
Fines & forfeitures	83,630	-	-	1,583	85,213
Interest earnings	886	58	-	353	1,297
Miscellaneous revenues	54,099	-	-	17,161	71,260
Total Revenues	2,704,146	814,641	307,853	81,983	3,908,623
<u>EXPENDITURES</u>					
Current					
General government	578,932	-	-	23,809	602,741
Judicial	81,278	-	-	-	81,278
Public safety	1,878,015	-	-	16,733	1,894,748
Public works	666,115	497,051	-	235,399	1,398,565
Health and welfare	903	-	-	-	903
Culture and recreation	168,489	-	-	37,224	205,713
Housing and development	321,825	-	307,853	6,650	636,328
Capital Outlay	-	385,256	-	113,596	498,852
Total Expenditures	3,695,557	882,307	307,853	433,411	5,319,128
Excess (Deficiency) of Revenues Over (Under) Expenditures	(991,411)	(67,666)	-	(351,428)	(1,410,505)
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers from other funds	987,219	-	-	47,372	1,034,591
Transfers to other funds	(4,323)	-	-	(32,492)	(36,815)
Total other financing sources (uses)	982,896	-	-	14,880	997,776
Net change in fund balances	(8,515)	(67,666)	-	(336,548)	(412,729)
Fund Balance, beginning of year	470,813	609,653	-	445,290	1,525,756
Fund Balance, end of year	\$ 462,298	\$ 541,987	\$ -	\$ 108,742	\$ 1,113,027

The notes to the financial statements are an integral part of the basic financial statements.

CITY OF GREENSBORO, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

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

Net change in fund balances - total governmental funds	\$ (412,729)
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Capital Assets

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

Total capital outlays	504,352
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Total depreciation	(257,260)
--------------------	-----------

The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to decrease net position.	(3,750)
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Deferred outflows of resources related to pensions is not available during the current period and therefore is not reported in the funds.

Change in deferred outflows of resources related to pensions	123,664
--	---------

Long-term Debt

Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. The adjustments for these items are as follows:

Net pension liability	(193,904)
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Deferred inflows of resources related to pensions is not available during the current period and therefore is not reported in the funds.

Change in deferred inflows of resources related to pensions	13,881
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Revenues

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

1,007
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Change in Net Position of Governmental Activities	<u>\$ (224,739)</u>
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The notes to the financial statements are an integral part of the basic financial statements.

## CITY OF GREENSBORO, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

	Budget Amounts			Variance with
	Original	Final	Actual	Final Budget
<u>REVENUES</u>				
Taxes				
Property	\$ 567,100	\$ 567,100	\$ 581,128	\$ 14,028
Sales	660,000	710,000	711,181	1,181
Franchise	369,000	369,000	356,379	(12,621)
Insurance premium	175,000	179,300	193,547	14,247
Occupational	50,000	50,000	69,630	19,630
Alcoholic beverage	83,000	83,000	84,637	1,637
Other	168,300	168,300	169,561	1,261
Licenses and permits	5,000	5,000	12,647	7,647
Intergovernmental	285,000	384,000	386,228	2,228
Charges for services	400	400	593	193
Fines and forfeitures	128,000	128,000	83,630	(44,370)
Investment earnings	5,000	5,000	886	(4,114)
Miscellaneous	53,000	53,000	54,099	1,099
Total Revenues	2,548,800	2,702,100	2,704,146	2,046
<u>EXPENDITURES</u>				
Current				
General government				
Governing Body	105,880	113,880	113,821	59
City Manager	85,800	90,000	89,956	44
Financial Administration	327,410	371,410	375,155	(3,745)
Judicial				
Municipal Court	78,020	73,020	61,907	11,113
Public Defender	30,000	20,000	19,371	629
Public safety				
Police Protection	1,620,740	1,758,740	1,759,003	(263)
Fire Protection	123,990	123,990	119,012	4,978
Public works				
Highways and Streets	529,800	637,800	637,515	285
Maintenance Shop	11,960	15,560	15,543	17
Cemetery	17,000	17,000	13,057	3,943
Health and Welfare				
Community Services	20,700	4,700	903	3,797
Culture and recreation				
Recreation	151,200	134,700	136,889	(2,189)
Library	31,600	31,600	31,600	-

The notes to the financial statements are an integral part of the basic financial statements.

CITY OF GREENSBORO, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016  
(CONTINUED)

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
Housing and development				
Planning and Zoning	128,700	98,700	88,072	10,628
Economic Development	119,380	109,380	91,146	18,234
Downtown Development	150,500	150,500	142,607	7,893
Total Expenditures	3,532,680	3,750,980	3,695,557	55,423
Excess of Revenue Over (Under) Expenditure	(983,880)	(1,048,880)	(991,411)	57,469
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfer from other funds	1,011,530	1,076,530	987,219	(89,311)
Transfer to other funds	-	-	(4,323)	(4,323)
Total Other Financing Sources (Uses)	1,011,530	1,076,530	982,896	(93,634)
Net change in fund balance	27,650	27,650	(8,515)	(36,165)
Fund balance, beginning of year	470,813	470,813	470,813	-
Fund balance, end of year	\$ 498,463	\$ 498,463	\$ 462,298	\$ (36,165)

The notes to the financial statements are an integral part of the basic financial statements.

## CITY OF GREENSBORO, GEORGIA

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2016

	Business-type Activities- Enterprise Funds		
	Water & Sewer Fund	Gas System	Total
<u>ASSETS</u>			
Current Assets			
Cash and cash equivalents	\$ 383	\$ 439	\$ 822
Certificates of deposit	7,720	237,380	245,100
Restricted cash	189,233	566,519	755,752
Restricted certificates of deposit	534,637	-	534,637
Accounts receivable, net	379,257	284,035	663,292
Due from other funds	20,845	-	20,845
Prepaid expenses	27,116	7,689	34,805
Total Current Assets	1,159,191	1,096,062	2,255,253
Long-Term Assets			
Investment-joint venture	-	2,175,586	2,175,586
Capital assets:			
Nondepreciable	556,828	326	557,154
Depreciable, net	9,467,590	1,053,372	10,520,962
Total capital assets, net	10,024,418	1,053,698	11,078,116
Total Long-Term Assets	10,024,418	3,229,284	13,253,702
Total Assets	11,183,609	4,325,346	15,508,955
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred charge on refunding	49,528	-	49,528
Deferred outflows of resources related to pensions	103,682	20,611	124,293
Total Deferred Outflows of Resources	153,210	20,611	173,821

The notes to the financial statements are an integral part of the basic financial statements.

## CITY OF GREENSBORO, GEORGIA

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 SEPTEMBER 30, 2016  
 (CONTINUED)

	Business-type Activities- Enterprise Funds		
	Water & Sewer Fund	Gas System	Total
<b><u>LIABILITIES</u></b>			
Current Liabilities			
Accounts payable	57,549	181,985	239,534
Accrued expenses	7,596	1,625	9,221
Customer deposits	18,934	11,776	30,710
Due to other funds	-	20,845	20,845
Compensated absences	13,401	868	14,269
Total current liabilities payable from unrestricted assets	97,480	217,099	314,579
Current liabilities payable from restricted assets:			
Notes payable - current	63,246	-	63,246
Revenue bonds payable - current	325,000	35,000	360,000
Total current liabilities payable from restricted assets	388,246	35,000	423,246
Total Current Liabilities	485,726	252,099	737,825
Long-term liabilities:			
Notes payable	814,680	-	814,680
Revenue bonds payable	642,050	1,456,665	2,098,715
Net pension liability	174,446	34,530	208,976
Total long-term liabilities	1,631,176	1,491,195	3,122,371
Total Liabilities	2,116,902	1,743,294	3,860,196
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Deferred inflows of resources related to pensions	16,510	2,923	19,433
Total Deferred Inflows of Resources	16,510	2,923	19,433
<b><u>NET POSITION</u></b>			
Net investment in capital assets	8,179,442	1,053,698	9,233,140
Restricted for debt service	723,870	-	723,870
Unrestricted	300,095	1,546,042	1,846,137
Total Net Position	\$ 9,203,407	\$ 2,599,740	\$ 11,803,147

The notes to the financial statements are an integral part of the basic financial statements.

CITY OF GREENSBORO, GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 PROPRIETARY FUNDS  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

	Business-type Activities- Enterprise Funds		
	Water & Sewer Fund	Gas System	Total
<u>Operating revenues:</u>			
Charges and fees	\$ 2,256,724	\$ 2,807,854	\$ 5,064,578
Total operating revenues	2,256,724	2,807,854	5,064,578
<u>Operating expenses:</u>			
Salaries and benefits	654,407	135,117	789,524
Contract management	23,779	905	24,684
Cost of sales	-	1,834,217	1,834,217
Legal and professional	57,016	2,608	59,624
Operating materials	174,389	43,943	218,332
Other operating expenses	80,406	151,661	232,067
Repairs and maintenance	106,393	83,576	189,969
Small equipment	6,030	-	6,030
Utilities	273,186	21,719	294,905
Depreciation	431,049	50,753	481,802
Total operating expenses	1,806,655	2,324,499	4,131,154
Operating income (loss)	450,069	483,355	933,424
<u>Nonoperating revenues (expenses):</u>			
Interest income	2,961	4,043	7,004
Investment loss-joint venture	-	(21,154)	(21,154)
Intergovernmental revenue	-	92,523	92,523
Interest expense	(102,021)	(58,758)	(160,779)
Total nonoperating revenues (expenses)	(99,060)	16,654	(82,406)
Income (loss) before contributions and transfers	351,009	500,009	851,018

The notes to the financial statements are an integral part of the basic financial statements.

CITY OF GREENSBORO, GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 PROPRIETARY FUNDS  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016  
 (CONTINUED)

	Business-type Activities- Enterprise Funds		
	Water & Sewer Fund	Gas System	Total
Transfers out	(284,795)	(712,981)	(997,776)
Change in net position	66,214	(212,972)	(146,758)
Net Position - Beginning of Year	9,137,193	2,812,712	11,949,905
Net Position - End of Year	\$ 9,203,407	\$ 2,599,740	\$ 11,803,147

The notes to the financial statements are an integral part of the basic financial statements.



CITY OF GREENSBORO, GEORGIA

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

	Business-type Activities- Enterprise Funds		
	Water & Sewer Fund	Gas System	Total
<u>Cash Flows from Operating Activities:</u>			
Cash received from customers	\$ 2,115,359	\$ 2,603,661	\$ 4,719,020
Cash paid to suppliers for goods and services	(716,264)	(2,288,643)	(3,004,907)
Cash paid to employees	(641,620)	(132,744)	(774,364)
Net Cash Flows Provided by (Used for) Operating Activities	757,475	182,274	939,749
<u>Cash Flows from Noncapital Financing Activities:</u>			
Transfers	(284,795)	(712,981)	(997,776)
Net Cash Flows Provided by (Used for) Noncapital Financing Activities	(284,795)	(712,981)	(997,776)
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Principal payments on revenue bonds and notes	(375,746)	(35,000)	(410,746)
Interest and fiscal charges on revenue bonds and notes	(85,510)	(57,523)	(143,033)
Intergovernmental revenue	-	92,523	92,523
Purchases of capital assets	(1,920)	(51,907)	(53,827)
Net Cash Flows Provided by (Used for) Capital and Related Financing Activities	(463,176)	(51,907)	(515,083)
<u>Cash Flows from Investing Activities:</u>			
Interest income	-	582,738	582,738
Net Cash Flows Provided by (Used for) Investing Activities	-	582,738	582,738
Net Increase (Decrease) in Cash and Cash Equivalents	9,504	124	9,628
Cash and Cash Equivalents, Beginning of Year	180,112	566,834	746,946
Cash and Cash Equivalents, End of Year	\$ 189,616	\$ 566,958	\$ 756,574

The notes to the financial statements are an integral part of the basic financial statements.

## CITY OF GREENSBORO, GEORGIA

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016  
 (CONTINUED)

	Business-type Activities- Enterprise Funds		
	Water & Sewer Fund	Gas System	Total
Classified as:			
Current assets	\$ 383	\$ 439	\$ 822
Restricted assets	189,233	566,519	755,752
Total Cash and Cash Equivalents, End of Year	\$ 189,616	\$ 566,958	\$ 756,574
Reconciliation of Net Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities			
Net Operating Income (Loss)	\$ 450,069	\$ 483,355	\$ 933,424
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Depreciation and amortization	431,049	50,753	481,802
Changes in Assets and Liabilities:			
(Increase) decrease in accounts receivable	(122,029)	(224,838)	(346,867)
(Increase) decrease in due from other funds	(20,845)	-	(20,845)
(Increase) decrease in prepaid expenses	(4,414)	1,186	(3,228)
(Increase) decrease in deferred outflows - pensions	(29,733)	(6,526)	(36,259)
Increase (decrease) in accounts payable	9,349	(151,200)	(141,851)
Increase (decrease) in accrued liabilities	5,281	725	6,006
Increase (decrease) in customer deposits	1,509	(200)	1,309
Increase (decrease) in due to other funds	-	20,845	20,845
Increase (decrease) in net pension liability	44,826	9,840	54,666
Increase (decrease) in deferred inflows - pensions	(7,587)	(1,666)	(9,253)
Total Adjustments	307,406	(301,081)	6,325
Net Cash Provided by (Used for) Operating Activities	\$ 757,475	\$ 182,274	\$ 939,749

The notes to the financial statements are an integral part of the basic financial statements.

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## **NOTES TO THE FINANCIAL STATEMENTS**

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016

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

**Accounting Policies**

The City of Greensboro was incorporated under the laws of the State of Georgia and operates under a Mayor-Council form of government. The City provides the following services as authorized by its charter: public safety (police and fire), highways and streets, social services, culture-recreation, public improvements, planning and zoning, general and administrative services, and gas and water utilities.

The financial statements of the City of Greensboro, Georgia (the City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**A. Reporting Entity**

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the City of Greensboro (the primary government) and any component units. A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable. In addition, a component unit can be another organization for which the nature and significance of its relationship with a primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The component units discussed below are included in the City's reporting entity because of the significance of their operational and financial relationships with the City. In conformity with generally accepted accounting principles, as set forth in Statement of Governmental Accounting Standards Board (GASB) No. 61 "The Financial Reporting Entity: Omnibus, an amendment of GASB Statement No. 14 and 34," the City's relationships with other governments and agencies have been examined.

**Discretely presented component units** – Based on the aforementioned criteria, the component units' columns in the government-wide financial statements include the financial data of the City's two component units. These units are reported in a separate column to emphasize that is legally separate from the City.

*Greensboro Better Hometown Program* – The Greensboro Hometown Program is governed by a seven member Board of Directors. The Board consists of one representative of each of the following: Citizens Union Bank, Premier Bank, Farmers Bank, City of Greensboro, Greene County Commissioners, Development Authority of the City of Greensboro, and the Greene County Chamber of Commerce. All of the Board members are named and confirmed by the Greene County Chamber of Commerce Executive Board and the Greensboro City Council. Greensboro Better Hometown Program does not issue separate financial statements.

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

(CONTINUED)

*Downtown Development Authority of Greensboro, Georgia* – The Downtown Development Authority is governed by a seven member Board of Directors. The directors are appointed as provided by O.C.G.A. Section 36-41-1. All Directors must be approved by the City of Greensboro City Council. Downtown Development Authority does not issue separate financial statements.

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

The government-wide financial statements (Statement of Net Position and Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units if any. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

**Government-Wide Financial Statements**

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's public utilities and various other functions of the government. Elimination of these charges would distort the direct cost and program revenues reported for the various functions concerned.

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016  
(CONTINUED)

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as they are needed.

**Fund Financial Statements**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting.

Under the modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt services expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, local option sales taxes, other taxes, intergovernmental revenues, interest, and charges for services associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenues are considered to be measurable and available only when cash is received by the government.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the City's enterprise fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The fund financial statements provide more detailed information about the government's most significant funds, not the government as a whole. The activities of the government are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016  
(CONTINUED)

The government reports the following major governmental funds:

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

SPLOST 2015 Fund – The SPLOST 2015 Fund is used to account for the SPLOST monies received from Greene County to be used to finance SPLOST approved projects.

CDBG Redevelopment Fund – The CDBG Redevelopment Fund is used to account for the cost of an economic development project.

The government reports the following major proprietary funds:

Enterprise Funds – The Water & Sewer Fund accounts for the activities of the water and sewer distribution system. The Gas System Fund accounts for the activities of the government’s gas distribution operations.

Additionally, the government reports the following fund types:

Special Revenue Funds – Special Revenue Funds are used to account for and report the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Capital Projects Funds – Capital Project Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

**D. Deposits and Investments**

The government’s cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Investments are reported at fair value, which is determined using selected bases. Short-term investments are reported at cost, which approximates fair value. Securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates, and investments that do not have an established market are reported at estimated fair value. Cash deposits are reported at carrying amount, which reasonably estimates fair value.



CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016  
(CONTINUED)

**E. Receivables**

Receivables and Due from Other Governments represent funds to be received from other local governments, state grant-in-aid, state contracts, or federal funds. No allowance is deemed necessary for these receivables.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "due to/from other funds" or "advances to/from other funds." All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables, have been reduced to their estimated net realizable value, and are shown net of an allowance for doubtful accounts. Estimated uncollectible amounts are based upon historical experience rates.

**F. Inventories**

Inventories of expendable supplies held for consumption are not considered material and are recorded as expenditures, or expenses, as appropriate, when purchased.

**G. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods, and are recorded as prepaid items in both government-wide and fund financial statements.

**H. Capital Assets**

Capital assets, which include property, plant equipment and infrastructure assets (e.g. roads, bridges, sidewalks and similar items acquired subsequent to October 1, 2003) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Property, plant and equipment, except for infrastructure, with individual costs that equal or exceed \$5,000 are recorded as capital assets. Infrastructure with an individual cost that is equal to or exceeds \$100,000 is recorded as a capital asset. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred by the City during the current year was \$160,779. Of this amount, none was applicable to construction of capital assets.

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016  
(CONTINUED)

Property, plant and equipment of the primary government, as well as component units, are depreciated using the straight line method over the following estimated useful lives:

Building and improvements	20-50 years
Water and sewer distribution system	20-50 years
Equipment	10 years
Infrastructure	15-99 years
Furniture and fixtures	10 years
Vehicles	5 years
Computer equipment	5 years
Heavy machinery	5 years

**I. Compensated Absences**

It is the City's policy to permit employees to accumulate unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**J. Deferred Inflows / Outflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period or periods and so will not be recognized as an outflow of resources (expense / expenditures) until then. The City has two items that qualify for reporting in this category. The first type is deferred outflow of resources related to the pension plans. This amount is deferred and will be recognized as a reduction of the net pension liability in future years. The second type is reported in the enterprise funds as deferred charges on refunding.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items, which arises under a modified accrual basis of accounting that qualifies for reporting in this category. This first item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second is the deferred inflow of resources relative to the differences between expected and actual experience and the net difference between projected and actual earnings on the pension plan investments. This amount is deferred and will be recognized as a reduction of the net pension liability in future years.

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016  
(CONTINUED)

**K. Long-Term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net assets. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance cost, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**L. Fund Equity**

In the financial statements, governmental funds report the following classifications of fund balance in accordance with Governmental Accounting Standards Board Statement No. 54:

- Nonspendable – amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- Restricted – amounts are restricted when constraints have been placed on the use of resources by (a) externally imposed by creditors, grantors, contributors or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed – amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of Mayor and Council through adoption of a resolution. The Mayor and Council also may modify or rescind the commitment.
- Assigned – amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, Mayor and Council has authorized the City Manager or his designee to assign fund balances.
- Unassigned – amounts that have not been assigned to other funds and that are not restricted, committed or assigned to specific purposes within the General Fund.

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

- Committed
- Assigned
- Unassigned

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016  
(CONTINUED)

The City does not have a formal minimum fund balance policy. The following is a summary of the fund balance classifications as of September 30, 2016:

	General Fund	2015 SPLOST	Nonmajor Governmental	Total
Fund Balances				
Nonspendable:				
Prepays	\$ 52,588	\$ -	\$ -	\$ 52,588
Restricted for:				
Cemetery Maintenance	-	-	97,611	97,611
Law enforcement	-	-	4,189	4,189
Capital outlay	-	541,987	6,942	548,929
Unassigned	409,710	-	-	409,710
Total fund balance	\$ 462,298	\$ 541,987	\$ 108,742	\$ 1,113,027

**M. Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; and errors or omissions. The City purchases commercial insurance for most types of risk. For these risks, settlements have not exceeded coverage's for each of the past three years. The City had no significant reduction in insurance coverage from coverage in the prior year.

**N. Net Position Flow Assumption**

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

**NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING**

**A. Budget Process**

The annual budget document is the financial plan for the operation of the City of Greensboro. The budget process exists for the purpose of providing a professional management approach to the establishment of priorities and the implementation of work programs while providing an orderly means for control and evaluation of the financial posture of the City.

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016  
(CONTINUED)

An annual operating budget is prepared for the General Fund and the Special Revenue Funds. A project length budget is adopted for all Capital Projects Funds. Annual operating budgets are prepared for each enterprise fund for planning, control, cost allocation and evaluation purposes.

The City follows these procedures in establishing the budgetary data reflected in the financial statements.

- Prior to October 1, the City Manager submits to the Mayor and Council a proposed budget for the fiscal year commencing the following October 1. The budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted at City Hall to obtain taxpayer comments.
- The budget is legally enacted through passage of an ordinance.
- Any revisions must be approved by the City Council.

Formal budgetary integration is employed as a management control device during the year. The budgets for the General Fund and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). The General Fund is subject to budgetary control on a departmental basis, while the Special Revenue funds are subject to budgetary control on an individual fund basis.

**B. Excess of Expenditures Over Appropriations**

The General Fund and Special Revenue Fund had expenditures in excess of appropriations as follows:

General Fund Departments:

Financial Administration	\$	3,745
Police Protection		263
Recreation		2,189
Transfer to other funds		4,323

**NOTE 3 – DEPOSITS AND INVESTMENTS**

**A. Custodial Credit Risk – Deposits**

The custodial credit risk of deposits is the risk that in the event of the failure of a bank, the City's deposits may not be recovered. The City's bank balances of deposits as of September 30, 2016 are entirely insured or collateralized with securities held by the City's agent in the City's name. State statutes require banks holding public funds to secure these funds by FDIC insurance, securities pledged at par value, and surety bonds at face value in combined aggregate totaling not less than 110 percent of the public funds held.

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016  
(CONTINUED)

At September 30, 2016, the City's certificates of deposits were as follows:

CD's	Maturity	Amount
Certificates of Deposit – Nonmajor Governmental Fund	12 months	\$ 79,329
Certificates of Deposit – General Fund	12 months	30,080
Certificates of Deposit – Water & Sewer Fund	12 months	44,103
Certificates of Deposit – Gas Fund	12 months	237,380
Certificates of Deposit – Water & Sewer Fund	6 months	126,145
Certificates of Deposit – Water & Sewer Fund	30 days	372,109

**B. Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The City does not have a formal policy for managing interest rate risk.

**C. Credit Risk**

Georgia law authorizes the City to invest in the following types of obligations: obligations of the State of Georgia or any other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; prime banker's acceptance; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. At September 30, 2016, the City's only investments were in certificates of deposit.

**NOTE 4 – PROPERTY TAXES**

State law requires that property taxes be based on assessed value, which is 40% of market value. All real and personal property (including motor vehicles) is valued as of January 1 of each year and must be returned for tax purposes by March 1. With the exception of motor vehicles and the property of public utilities, which are valued by the State Revenue Department, all assessments are made by the Greene County Board of Tax Assessors.

Exemptions are permitted for certain inventories. A homestead exemption is allowed for each taxpayer that is a homeowner and resides in the household as of January 1. There are other exemptions provided by state and local laws.

Upon completion of all assessments and tax returns, the information is compiled to form the tax digest. The completed tax digest must be submitted to the State Revenue Commissioner for approval. The State Revenue Commissioner must ascertain that real property on the tax digest has been assessed at the state mandated forty percent (40%) of fair market value. The Commissioner has the option to withhold certain state funding if the mandated 40% level is not reached.

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016  
(CONTINUED)

The Greene County Tax Commissioner distributes motor vehicle tax notices and collects those tax payments. Motor vehicle taxes are due based on the birthday of the owner. Property taxes are sent out and collected by the City and are usually billed in October of each year.

The property tax calendar is as follows:

	Real/Personal Property (Excluding Vehicles)	Motor Vehicles
Assessment Date	January 1	January 1
Levy Date	October 6	January 1
Due Date and Collection Date	December 6	Staggered

Property taxes receivable have been reduced to their estimated net realizable value. Estimated uncollectible amounts are based upon historical experience rates and result in a direct reduction of the related revenue amount at the end of the period. The 2015 tax digest receivable and amounts collected at year-end are reported as deferred inflows of resources – unavailable revenues on the Governmental Fund statements.

**NOTE 5 – HOTEL/MOTEL EXCISE TAX**

A summary of the hotel/motel excise tax expenditures and receipts for the year ended September 30, 2016, is as follows:

<u>Expenditures By Purpose</u>	<u>Amount</u>	<u>Tax Receipts</u>	<u>Percentage</u>
Promote tourism	\$ 23,809	\$ 56,236	40%
General Fund	<u>32,427</u>	<u>-</u>	<u>60%</u>
Total	<u>\$ 56,236</u>	<u>\$ 56,236</u>	<u>100%</u>

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016  
(CONTINUED)

**NOTE 6 – RECEIVABLES**

Receivables as of year-end for the government's individual major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	SPLOST 2015	CDBG Fund	Water & Sewer	Gas System	Non-major Governmental	Total
Receivables:							
Taxes	\$ 99,098	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 99,098
Accounts	74,742	-	-	941,641	414,669	5,772	1,436,824
Intergovernmental	90,145	133,265	248,353	-	-	6,650	478,413
Gross Receivables	263,985	133,265	248,353	941,641	414,669	12,422	2,014,335
Less: allowance for uncollectibles	(72,785)	-	-	(562,384)	(130,634)	-	(765,803)
Total net receivables	\$ 191,200	\$ 133,265	\$ 248,353	\$ 379,257	\$ 284,035	\$ 12,422	\$ 1,248,532

**NOTE 7 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

The composition of interfund balances as of September 30, 2016, is as follows:

Due to / from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	SPLOST 2015 Fund	\$ 103,711
	Nonmajor Governmental	5,952
Water & Sewer Fund	Gas Fund	20,845
Nonmajor Governmental	General Fund	3,373
		<u>\$ 133,881</u>

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



CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016  
(CONTINUED)

Interfund transfers:

	Transfer In:		
	General Fund	Nonmajor Governmental	Total
Transfer Out:			
General Fund	\$ -	\$ 4,323	\$ 4,323
Gas System Fund	712,981	-	712,981
Water & Sewer Fund	241,746	43,049	284,795
Nonmajor Governmental Funds	32,492	-	32,492
Total	\$ 987,219	\$ 47,372	\$ 1,034,591

Transfers are used to move unrestricted revenue to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching fund for various grant programs.

**NOTE 8 – CAPITAL ASSETS**

	Beginning Balance	Increase	Decrease	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,191,843	\$ -	\$ -	\$ 1,191,843
Construction in progress	918,717	92,204	-	1,010,921
Total capital assets, not being depreciated	2,110,560	92,204	-	2,202,764
Capital assets, being depreciated				
Buildings	1,292,351	-	-	1,292,351
Machinery & equipment	1,153,349	79,765	(7,500)	1,225,614
Furniture & fixtures	12,165	-	-	12,165
Vehicles	1,562,493	332,383	-	1,894,876
Infrastructure	1,413,147	-	-	1,413,147
Total capital assets, being depreciated	5,433,505	412,148	(7,500)	5,838,153
Less accumulated depreciation for:				
Buildings	(363,130)	(28,591)	-	(391,721)
Machinery & equipment	(1,016,930)	(49,311)	3,750	(1,062,491)
Furniture & fixtures	(10,655)	(375)	-	(11,030)
Vehicles	(1,163,970)	(104,461)	-	(1,268,431)
Infrastructure	(520,058)	(74,522)	-	(594,580)
Total accumulated depreciation	(3,074,743)	(257,260)	3,750	(3,328,253)
Total capital assets, being depreciated, net	2,358,762	154,888	(3,750)	2,509,900
Governmental activities capital assets, net	\$ 4,469,322	\$ 247,092	\$ (3,750)	\$ 4,712,664

NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016  
(CONTINUED)

\* - The capital assets associated with the Series 2013 Bonds in the Gas System are reported as a part of Tri-County Natural Gas System, a joint venture of the City, and therefore the Series 2013 bonds payable of \$1,491,665 is not included in the related long-term debt outstanding for the calculation of the net investment in capital assets.

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016  
(CONTINUED)

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

**Governmental activities:**

General government	\$ 6,029
Public safety	160,235
Public works	80,231
Culture and recreation	10,765
Total depreciation expense - governmental activities	<u>\$ 257,260</u>

**Business-type activities:**

Water and sewer	\$ 431,049
Gas system	50,753
Total depreciation expense - business-type activities	<u>\$ 481,802</u>

Component Unit Activities:	Beginning Balance	Increase	Decrease	Ending Balance
<b>Downtown Development Authority</b>				
Capital assets, not being depreciated:				
Land	\$ 50,000	\$ -	\$ -	\$ 50,000
Total capital asset not being depreciated	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>50,000</u>
Capital assets, being depreciated:				
Buildings	650,000	-	-	650,000
Buildings and improvements	1,500,047	-	-	1,500,047
Equipment	34,176	6,986	-	41,162
Total capital assets being depreciated	<u>2,184,223</u>	<u>6,986</u>	<u>-</u>	<u>2,191,209</u>
Less accumulated depreciation for:				
Buildings	(122,417)	(13,000)	-	(135,417)
Buildings and improvements	(180,006)	(30,001)	-	(210,007)
Equipment	(11,422)	(5,103)	-	(16,525)
Total accumulated depreciation	<u>(313,845)</u>	<u>(48,104)</u>	<u>-</u>	<u>(361,949)</u>
Total capital assets, being depreciated, net	<u>1,870,378</u>	<u>(41,118)</u>	<u>-</u>	<u>1,829,260</u>
Business-type activities capital assets, net	<u>\$1,920,378</u>	<u>\$ (41,118)</u>	<u>\$ -</u>	<u>\$1,879,260</u>

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

**Component Unit**

Downtown Development Authority	<u>\$ 48,104</u>
Total depreciation expense - component unit	<u>\$ 48,104</u>

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016  
(CONTINUED)

**NOTE 9 – LONG-TERM DEBT**

**Changes in long-term liabilities**

Long-term liability activity for the year ended September 30, 2016, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Compensated absences	\$ 31,399	\$ 58,836	\$ (58,836)	\$ 31,399	\$ 31,399
Net pension liability	343,462	193,904	-	537,366	-
Governmental activity long-term liabilities	<u>\$ 374,861</u>	<u>\$ 252,740</u>	<u>\$ (58,836)</u>	<u>\$ 568,765</u>	<u>\$ 31,399</u>
<b>Business-type activities:</b>					
Compensated absences	\$ 13,567	\$ 6,441	\$ (5,739)	\$ 14,269	\$ 14,269
Notes payable	938,672	-	(60,746)	877,926	63,246
Revenue bonds payable	2,842,050	-	(350,001)	2,492,049	360,000
Deferred amounts:					
Less: Bond discount	(34,569)	-	1,235	(33,334)	-
Net pension liability	154,310	54,666	-	208,976	-
Business-type activity long-term liabilities	<u>\$ 3,914,030</u>	<u>\$ 61,107</u>	<u>\$ (415,251)</u>	<u>\$ 3,559,886</u>	<u>\$ 437,515</u>

For the governmental activities, compensated absences and net pension liability are generally liquidated by the general fund. For the business-type activities, long-term liabilities are liquidated by the Water and Sewer Fund and Gas System Fund.

**Revenue Bonds**

*Combined Utility Revenue Refunding and Improvement Bonds, Series 2004* – The City issued bonds in the original amount of \$4,115,000 bearing interest at a rate of 3.76%. Interest on the Series 2004 Bonds is payable on April 1 and October 1 of each year. Principal payments are due each October 1 through 2019 with principal payments of amounts ranging from \$215,000 to \$350,000. The purpose of the Series 2004 bonds was to (i) provide funds to refund the Series 1994 bonds, (ii) to finance the cost of additions, extensions and improvements to the water and sewerage portions of the System, (iii) to fund in part a reasonably required debt service reserve and (iv) to pay the costs of issuance. These bonds are secured by a first lien pledge of the net revenues of the System (combined water, sewerage and gas system) remaining after payment of the reasonable and necessary expenses of operating, maintaining and repairing the System. The City further agreed to create and maintain a Renewal & Extension Fund in the amount of \$150,000.

The City has covenanted that it will prescribe and revise rates, and collect fees and charges for services, facilities and commodities furnished by the System at all times at a level sufficient to (i) pay the reasonable and necessary costs of operating, maintaining and repairing the System on a sound businesslike basis, (ii) to maintain the Sinking Fund at the required level in order to discharge the payment of the principal of and interest on the Series 2004 Bonds and all outstanding parity bonds maturing in the current sinking fund year, (iii) to maintain a reserve in

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016  
(CONTINUED)

the Sinking Fund (the "Reserve Account") approximately equal to the highest combined debt service requirements of the Series 2004 Bonds in any succeeding sinking fund year (\$364,820), and (iv) to create and maintain the Renewal and Extension Fund (\$150,000). The City has further agreed that these rates, fees, and charges shall be maintained at such level as to produce net revenues equal to at least 1.2 times the maximum annual debt service requirements of the Series 2004 Bonds and all outstanding parity bonds and to make payments into the Reserve Account. The City has fully funded the Reserve Account and the Renewal and Extension Fund simultaneously with the issuance of the Series 2004 Bonds.

Sinking Fund		
Year	Principal	Interest
2017	\$ 325,000	\$ 43,898
2018	335,000	31,866
2019	307,049	26,038
Total	<u>\$ 967,049</u>	<u>\$ 101,802</u>

*Combined Utility Revenue Refunding and Improvement Bonds, Series 2013* – The City issued bonds in the original amount of \$1,635,000 bearing interest at a rate of 4.25%. Interest on the Series 2013 Bonds is payable on January 1 and July 1 of each year. Principal payments are due each January 1 through 2043 with principal payments of amounts ranging from \$40,000 to \$90,000. The purpose of the Series 2013 bonds was to (i) to finance the cost of additions, extensions and improvements to the gas portions of the System, (ii) to fund in part a reasonably required debt service reserve and (iii) to pay the costs of issuance. These bonds are secured by a first lien pledge of the net revenues of the System (combined water, sewerage and gas system) remaining after payment of the reasonable and necessary expenses of operating, maintaining and repairing the System. During FY 2016, the City received \$92,523 from Tri-County Natural Gas as reimbursement for principal and interest paid by the City on these bonds. This revenue is reflected as intergovernmental revenue on the Statement of Revenues, Expenses and Changes in Net Position.

Annual debt service requirements to maturity for these revenue bonds are as follows:

Sinking Fund		
Year	Principal	Interest
2017	\$ 35,000	\$ 57,525
2018	35,000	56,825
2019	40,000	55,375
2020	40,000	54,375
2021	40,000	53,175
2022-2026	215,000	246,441
2027-2031	260,000	205,194
2032-2036	305,000	149,369
2037-2041	380,000	78,441
2042-2045	175,000	7,544
Total	<u>\$ 1,525,000</u>	<u>\$ 964,264</u>

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016  
(CONTINUED)

**Notes Payable**

Project 2004-L15-WJ – The Water & Sewer Fund is obligated under a 20-year term note to the Georgia Environmental Facilities Authority. As of September 30, 2007, drawdowns from the loan totaled \$1,327,616. The total amount of the loan is \$1,327,616. The payments on this loan are to be made monthly in the amount of \$8,129 at an interest rate of 4.04%. The payments began in March 2008 and will continue until final payment in February 2028. The purpose of the note is to finance improvements to the Water & Sewer System.

Annual debt service requirements to maturity for this note payable are as follows:

<u>Years Ending September 30</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 63,246	\$ 34,306
2018	65,849	31,703
2019	68,559	28,993
2020	71,380	26,171
2021	74,318	23,232
2022-2026	420,068	67,689
2027	114,506	3,005
Total	<u>\$ 877,926</u>	<u>\$ 215,099</u>

**NOTE 10 – EMPLOYEE RETIREMENT PLANS**

**Georgia Municipal Employees Benefit System**

**Plan Description**

The City contributes to the Georgia Municipal Employees Benefit System (the system), an agent multiple-employer public employee retirement system administered by the Georgia Municipal Association. The City of Greensboro Retirement Plan is a defined benefit plan that provides retirement and disability benefits and death benefits to plan members and beneficiaries. The Public Retirement Systems Standard Law (Georgia Code Section 47-20-10) assigned the authority to establish and amend the plan to the City of Greensboro. The Georgia Municipal Employees Benefit System issues a publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the Georgia Municipal Employees Benefit System, 201 Pryor Street S.W., Atlanta, Georgia 30303.

**Benefits Provided**

The GMEBS Plan provides retirement, disability and death benefits to plan members and beneficiaries. Effective January 1, 2016, 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 GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016  
(CONTINUED)

**Plan Membership**

As of January 1, 2016, the date of the most recent actuarial valuation date, pension plan membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	21
Terminated employees entitled to benefits but no yet receiving them	24
Current active employees	50
Active elected officials	<u>6</u>
Total Membership in the plan	<u><u>101</u></u>

**Contributions**

The plan members are not required to contribute to the plan. The City is required to contribute at an actuarially determined rate; the current rate is 7.08% of annual covered payroll. The contribution requirements of the City are established and may be amended by the GMEBS Board of Trustees.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At September 30, 2016, the City reported a net pension liability. The net pension liability was measured as of September 30, 2015. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of January 1, 2016. An expected total pension liability as of September 30, 2015 was determined using standard roll-forward techniques.

For the year ended September 30, 2016, the City recognized pension expense relative to GMEBS in the amount of \$192,159. At September 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to the Pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 182,525	\$ -
Changes of assumptions	-	14,583
Net difference between projected and actual earnings on pension plan investments	142,968	54,822
Employer contributions subsequent to the measurement date	<u>118,412</u>	<u>-</u>
	<u><u>\$ 443,905</u></u>	<u><u>\$ 69,405</u></u>

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016  
(CONTINUED)

City contributions subsequent to the measurement date of September 30, 2015 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the pension expense as follows:

Year ended December 31:	
2017	\$ 69,750
2018	69,750
2019	69,750
2020	46,838

**Actuarial Assumptions:** The total pension liability as of September 30, 2016 was determined by an actuarial valuation as of January 1, 2016 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increase	3.25%, plus service based merit increases
Investment rate of return	7.75%, On-going basis, based on long-term expected rate of return of pension plan investments

Mortality rates were based on the RP-2000 Combined Mortality Table with sex-distinct rates, set forward two years for males and one year for females, and the RP-2000 Disabled Mortality Table with sex-distinct rates.

The mortality and economic actuarial assumptions used in the January 1, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 to June 30, 2014.

**Net Pension Liability:**

Changes in the Net Pension Liability:	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
Balances at September 30, 2015	\$ 3,224,542	\$ 2,726,771	\$ 497,771
Changes for the year:			
Service cost	77,141	-	77,141
Interest	244,994	-	244,994
Differences between expected and actual experience	55,478	-	55,478
Contributions-employer	-	108,028	(108,028)
Net investment income	-	31,486	(31,486)
Benefit payments	(126,650)	(126,650)	-
Administrative expense	-	(10,472)	10,472
Net changes	250,963	2,392	248,571
Balance at September 30, 2016	\$ 3,475,505	\$ 2,729,163	\$ 746,342



CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

(CONTINUED)

The City's net pension liability is recorded in the Government-Wide Statement of Net Position for Governmental Activities and Business-Type Activities in the amounts of \$537,366 and \$208,976 respectively.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2015 is summarized in the following table:

Asset class	Target allocation	Expected real rate of return	Nominal real rate of return
Domestic Equity	50%	5.95%	9.20%
International Equity	15%	6.45%	9.70%
Fixed Income	25%	1.55%	4.80%
Real estate	10%	3.75%	7.00%
Cash	0%		
Total	100%		

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

**Sensitivity of the Net Pension Liability to Changes in the Discount rate:** The following presents the City's net pension liability calculated using the discount rate of 7.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	1% Decrease (6.75%)	Current discount rate (7.75%)	1% Increase (8.75%)
Sensitivity of the Net Pension Liability to Changes in the Discount Rate	\$ 1,185,088	\$ 746,342	\$ 376,285

**Pension plan fiduciary net position:** Detailed information about the pension plan's fiduciary net position is available in the separately issued GMEBS financial report which is publically available at [www.gmanet.com](http://www.gmanet.com).

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016  
(CONTINUED)

**NOTE 11 – SPECIAL FUNDING DEFINED BENEFIT PENSION PLAN**

**A. Peace Officers' Annuity and Benefit Fund of Georgia**

The City's Deputies are covered by the State of Georgia Peace Officers' Annuity and Benefit Fund. The City makes no contribution to this plan. Contributions are collected by the City as the agent for this fund through its court systems. This plan is administered through the Peace Officers' Annuity and Benefit Fund of Georgia located at 1210 Greenbelt Parkway in Griffin, Georgia where separate financial statements may be obtained. This plan is considered immaterial to the City of Greensboro's financial statements.

**B. Georgia Firefighters' Pension Fund**

The City's Volunteer Firemen are eligible to participate in the Georgia Firefighters' Pension Fund, a voluntary pension system. The City makes no contributions to this plan. Contributions are made through monthly dues by eligible firefighters electing to participate in the plan and non-employer contributions which consist of insurance premium taxes collected and remitted by insurers directly to the pension fund in accordance with the law. The plan is administered by the Georgia Firefighters' Pension Fund located at 2171 Eastview Parkway NE in Conyers, Georgia where separate financial statements may be obtained. This plan is considered immaterial to the City of Greensboro's financial statements.

**NOTE 12 – RISK MANAGEMENT**

The City is exposed to various risks of losses related to torts, thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries commercial insurance for these various risks with a deductible as follows: contractor's equipment protection - \$500, public official liabilities - \$5,000, police professional liability - \$5,000, all other risks have a deductible of \$1,000.

The City participates in the Georgia Municipal Association Worker's Compensation Self Insurance Fund. The City has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency (GIRMA) for Workers' Compensation Self Insurance Fund (WCSIF), a public entity risk pool currently operating as a common risk management and insurance program for member local governments. The Georgia Municipal Association operates the risk pool.

As a part of this risk pool, the City is obligated to pay all contributions and assessments as prescribed by the pool, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the fund, and to report as promptly as possible, and in accordance with any coverage descriptions issues, all incidents which could result in the funds being required to pay any claim of loss. The City is also to allow the pools' agents and attorneys to represent the City in any investigation, settlement discussions, and all levels of litigation arising out of any claim made against the city within the scope of protection furnished by the fund.

The fund is to defend and protect the members of the funds against liability or loss as prescribed in the member governments' contracts and in accordance with the workers' compensation laws of

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016  
(CONTINUED)

Georgia. The fund is to pay all cost 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.

Settled claims in the past three years have not exceeded coverage.

**NOTE 13 – CONTINGENT LIABILITIES**

**A. Litigation**

During the course of normal operations of the City, various claims and lawsuits arise. The City attorney has advised that there are no potential liabilities that will impair the position as of the date of this audit report.

**B. Grants**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

**NOTE 14 – JOINT VENTURES**

A joint venture has the following characteristics:

1. It is a legal entity that results from a contractual arrangement.
2. It is owned, operated or governed by two or more participants as a separate and specific activity subject to joint control.
3. Participants retain an ongoing financial interest or an ongoing financial responsibility.

**Northeast Georgia Regional Commission**

Under Georgia law, the City, in conjunction with other cities and counties in the 12 county Northeast Georgia area is a member of the Northeast Georgia Regional Commission (the "RC") and is required to pay annual dues thereto. Membership in an RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RC in Georgia. The RC Council membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC. Separate financial statements may be obtained from the RC's administrative office at 305 Research Drive, Athens, Georgia 30610.

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016  
(CONTINUED)

**NOTE 15 – RELATED ENTITY**

**Housing Authority of the City of Greensboro, Georgia**

On September 10, 1957, the City of Greensboro, Georgia entered into a cooperative agreement with the Housing Authority of the City of Union Point, Georgia (the “Housing Authority”). Under the terms of this agreement, the Housing Authority agrees to endeavor to secure a contract with the Public Housing Authority (the “PHA”) for loans and annual contributions and agrees to endeavor to develop and administer one or more projects. The obligations of the parties apply only to projects aggregating not more than 200 units of low-rent housing located within the corporate limits of the City of Greensboro. Under the constitution and statutes of the State of Georgia, all projects are exempt from all real and personal property taxes levied or imposed by any taxing body.

The City agrees that it will not levy or impose real or personal taxes or special assessments upon such projects or upon the Housing Authority with respect thereto as long as:

- The projects are owned by a public body or government agency,
- A contract exists between the Housing Authority and the PHA,
- Bonds issued in connection with such project are outstanding.

During such period, the Housing Authority shall make “Payments in Lieu of Taxes” in lieu of such taxes and special assessments and in payment for the public services and facilities from time to time without other cost or charge or with respect to such project. The payment in lieu of taxes shall be lower of either ten percent (10%) of the aggregate Shelter Rent actually collected but in no event to exceed the Shelter Rent charged by the Local Authority in respect to such project during the fiscal year or the amount permitted to be paid by applicable state law.

For the fiscal year ended September 30, 2016, the Authority made payments of \$10,848 “in lieu of taxes”.

**Greene County Chamber of Commerce**

The City has an agreement with the Greene County Chamber of Commerce to pay the salaries and employee benefits for the Chamber. The Chamber then reimburses the City for the salaries and employee benefits. During the fiscal year ended September 30, 2016, the Chamber reimbursed the City \$71,140 for salaries and employee benefits.

**NOTE 16 – INVESTMENTS – JOINT VENTURE**

The City is a member of a joint venture, Tri-County Natural Gas System, with the City of Union Point, Georgia. The purpose of Tri-County Natural Gas is to acquire, construct, and operate a gas transmission line that passes through the City of Crawford, the City of Lexington and the City of Maxeys, all located in Oglethorpe County, the City of Crawfordville, located in Taliaferro County, and the City of Woodville located in Greene County. These cities are referred to as “Franchise Cities”. The “Franchise Cities” obtain natural gas for their residents from the Tri-County Natural Gas System.

CITY OF GREENSBORO, GEORGIA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016  
(CONTINUED)

The City of Greensboro, Georgia's investment in Tri-County Natural Gas System is as follows:

Investment, October 1	\$ 2,196,740
Greensboro's share of net income	<u>(21,154)</u>
Investment, September 30	<u>\$ 2,175,586</u>

**NOTE 17 – CONCENTRATION OF RISK – MAJOR CUSTOMER**

The City receives a substantial amount of its support from the gas sales to Novelis. A significant reduction in the sales, if this were to occur, may have an effect on the City's programs and activities.

	<u>Gas Revenue</u>	<u>Gas Receivables</u>
Total Gas System	\$ 2,807,854	\$ 414,669
Novelis	2,005,341	198,321
Percent of Total	71%	48%

**NOTE 18 – EVALUATION OF SUBSEQUENT EVENTS**

The City has evaluated subsequent events through August 25, 2017, the date which the financial statements were available to be issued.

## **REQUIRED SUPPLEMENTARY INFORMATION**

CITY OF GREENSBORO, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY  
AND RELATED RATIOS

	2016	2015
<b>Total pension liability</b>		
Service cost	\$ 77,141	\$ 63,945
Interest on total pension liability	244,994	217,268
Difference between expected and actual experience	55,478	230,237
Benefit payments, including refunds of employee contributions	(126,650)	(132,130)
Other	-	(24,306)
<b>Net change in total pension liability</b>	<b>250,963</b>	<b>355,014</b>
<b>Total pension liability - beginning of year</b>	<b>3,224,542</b>	<b>2,869,528</b>
<b>Total pension liability - end of year</b>	<b>\$ 3,475,505</b>	<b>\$ 3,224,542</b>
<b>Plan fiduciary net position</b>		
Contributions - employer	\$ 108,028	\$ 98,204
Net investment income	31,486	282,451
Benefit payments, including refunds of member contributions	(126,650)	(132,130)
Administrative expenses	(10,471)	(8,565)
<b>Net change in plan fiduciary net position</b>	<b>2,393</b>	<b>239,960</b>
<b>Plan fiduciary net position - beginning of year</b>	<b>2,726,770</b>	<b>2,486,810</b>
<b>Plan fiduciary net position - end of year</b>	<b>\$ 2,729,163</b>	<b>\$ 2,726,770</b>
<b>City's net pension liability (asset) - ending</b>	<b>\$ 746,342</b>	<b>\$ 497,772</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>78.53%</b>	<b>84.56%</b>
<b>Covered-employee payroll</b>	<b>1,939,393</b>	<b>1,633,323</b>
<b>Net pension liability as a percentage of covered-employee payroll</b>	<b>38.48%</b>	<b>30.48%</b>

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

The accompanying notes to the required supplementary information are an integral part of this schedule

CITY OF GREENSBORO, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

SCHEDULE OF CITY CONTRIBUTIONS

	2016	2015
Actuarially determined contributions	\$ 118,412	\$ 99,794
Contributions in relation to the actuarially determined contribution	118,412	99,794
Contribution deficiency (excess)	\$ -	\$ -
City's covered-employee payroll	\$ 1,939,393	\$ 1,633,323
Contributions as a percentage of covered-employee payroll	6.11%	6.11%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

The accompanying notes to the required supplementary information are an integral part of this schedule



CITY OF GREENSBORO, GEORGIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

**Changes of assumptions:**

As a result of the new administrative fee structure approved by the Board, the administrative expense assumption was updated for fiscal years beginning in 2016.

As a result of the plan change to provide immediate participation for employees, for the fiscal year ending 2015, the eligibility assumption has been changed from one year to immediate. The increase in the Plan's NPL is minimal and has been included in the differences between expected and actuarial experience.

Amounts reported for the fiscal year ending in 2015, and later reflect the following assumption changes approved by the Board in December, 2014 based on the results of an actuarial experience study covering the period January 1, 2010 to June 30, 2014:

- The mortality table for disabled participants was changed to remove the two-year set-forward for males and the one-year set forward for females.
- The turnover rates were updated to introduce select rates for service less than five years and to reduce the ultimate rate by 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 were 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 age 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 assumption was 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.

**Valuation date**

The actuarially determined contribution rate was determined as of January 1, 2016, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution rate will be reported for the year ending September 30, 2016.

CITY OF GREENSBORO, GEORGIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016  
(CONTINUED)

**Methods and assumptions used to determine contribution rates:**

Actuarial cost method	Entry Age Normal
Amortization method	Closed level dollar for the remaining unfunded liability
Remaining amortization period	N/A
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 the end of the year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Net Investment Rate of Return	7.75%
Projected Salary Increases	3.25% plus service based merit increases
Cost of Living Adjustments	0.00%
Retirement Age	Ages 55-59 rate of 10%, age 60 rate of 20%, age 61 rate of 25%, age 62 rate of 35%, age 63 rate of 40%, age 64 rate of 45%, ages 65-69 rate of 50% and age 70 and over rate of 100%
Mortality	RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females RP-2000 Disabled Retiree Mortality Table with sex-distinct rates.

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## **SUPPLEMENTARY INFORMATION**

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## **NONMAJOR GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS**

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

**CONFISCATED ASSETS FUND** - to account for the cash received either from a cash confiscation or cash received from a sale of capital assets acquired from a drug raid.

**HOTEL/MOTEL TAX FUND** - to account for funds collected from the hotel/motel tax and disbursed to other agencies.

### **CAPITAL PROJECT FUNDS**

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

**CDBG REYNOLDS ST FUND** - to account for the CDBG grant monies received to be used for street improvements.

**CDBG WATER IMPROVEMENTS FUND** - to account for the CDBG grant monies received to be used for water improvements.

**CAPITAL IMPROVEMENTS FUND** - to account for the federal grant monies passed through the Georgia Department of Transportation to be used for transportation enhancement projects.

**CHIP Fund** - to account for the Georgia Department of Community Affairs FY 2014 Community HOME Investment Program grant monies received to be used for approved renovation projects.

**2009 SPLOST FUND** - to account for the SPLOST monies received from Greene County to be used to finance SPLOST approved projects.

### **PERMANENT FUND**

Permanent funds are used to account for and report financial resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs.

**CEMETERY TRUST FUND** - to account for the monies received and maintenance of the City cemetery.

CITY OF GREENSBORO, GEORGIA

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2016

	Special Revenue Funds		Capital Project Funds					Permanent Fund	Total
	Confiscated Assets	Hotel Motel Tax	CDBG Reynolds St.	CDBG Water Improvements	Capital Improvements	CHIP Fund	2009 SPLOST	Cemetery Trust	Nonmajor Governmental Funds
<u>ASSETS</u>									
Cash and cash equivalent	\$ 4,189	\$ -	\$ 2	\$ -	\$ -	\$ -	\$ 4,692	\$ 18,282	\$ 27,165
Certificates of deposit	-	-	-	-	-	-	-	79,329	79,329
Accounts receivable	-	5,772	-	-	-	-	-	-	5,772
Intergovernmental receivable	-	-	-	-	-	6,650	-	-	6,650
Due from other funds	-	39	-	-	-	-	3,334	-	3,373
Total Assets	<u>\$ 4,189</u>	<u>\$ 5,811</u>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,650</u>	<u>\$ 8,026</u>	<u>\$ 97,611</u>	<u>\$ 122,289</u>
<u>LIABILITIES AND FUND BALANCES</u>									
Liabilities:									
Accounts payable	\$ -	\$ 5,811	\$ -	\$ -	\$ -	\$ 700	\$ 1,084	\$ -	\$ 7,595
Due to other funds	-	-	2	-	-	5,950	-	-	5,952
Total Liabilities	<u>-</u>	<u>5,811</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>6,650</u>	<u>1,084</u>	<u>-</u>	<u>13,547</u>
Fund Balances:									
Restricted	4,189	-	-	-	-	-	6,942	97,611	108,742
Total Fund Balances	<u>4,189</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,942</u>	<u>97,611</u>	<u>108,742</u>
Total Liabilities and Fund Balances	<u>\$ 4,189</u>	<u>\$ 5,811</u>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,650</u>	<u>\$ 8,026</u>	<u>\$ 97,611</u>	<u>\$ 122,289</u>

CITY OF GREENSBORO, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

	Special Revenue Funds		Capital Project Funds					Permanent Fund	Total Nonmajor Governmental Funds
	Confiscated Assets	Hotel Motel Tax	CDBG Reynolds St.	CDBG Water Improvements	Capital Improvements	CHIP Fund	2009 SPLOST	Cemetery Trust	
<u>Revenues:</u>									
Taxes	\$ -	\$ 56,236	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 56,236
Intergovernmental	-	-	-	-	-	6,650	-	-	6,650
Fines and forfeitures	1,583	-	-	-	-	-	-	-	1,583
Interest earnings	12	-	-	-	-	-	-	341	353
Other revenues	-	-	-	-	-	-	-	17,161	17,161
Total Revenues	1,595	56,236	-	-	-	6,650	-	17,502	81,983
<u>Expenditures:</u>									
Current:									
General government	-	23,809	-	-	-	-	-	-	23,809
Public safety	6,223	-	-	-	-	-	10,510	-	16,733
Public works	-	-	-	-	-	-	235,399	-	235,399
Culture and recreation	-	-	-	-	-	-	14,279	22,945	37,224
Housing and development	-	-	-	-	-	6,650	-	-	6,650
Capital outlay	6,500	-	4,323	43,049	-	-	59,724	-	113,596
Total Expenditures	12,723	23,809	4,323	43,049	-	6,650	319,912	22,945	433,411
Excess (Deficiency) of Revenues Over (Under) Expenditures	(11,128)	32,427	(4,323)	(43,049)	-	-	(319,912)	(5,443)	(351,428)
<u>Other Financing Sources (Uses):</u>									
Transfers from other funds	-	-	4,323	43,049	-	-	-	-	47,372
Transfers to other funds	-	(32,427)	-	-	(65)	-	-	-	(32,492)
Total other financing sources (uses)	-	(32,427)	4,323	43,049	(65)	-	-	-	14,880
Net change in fund balances	(11,128)	-	-	-	(65)	-	(319,912)	(5,443)	(336,548)
Fund Balance, beginning of year	15,317	-	-	-	65	-	326,854	103,054	445,290
Fund Balance, end of year	\$ 4,189	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,942	\$ 97,611	\$ 108,742



## CITY OF GREENSBORO, GEORGIA

CONFISCATED ASSETS FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

	Final Budget	Actual	Variance with Budget
<u>Revenues:</u>			
Forfeitures	\$ 3,000	\$ 1,583	\$ (1,417)
Interest earnings	-	12	12
Total Revenues	3,000	1,595	(1,417)
<u>Expenditures:</u>			
Current:			
Public Safety	6,300	6,223	77
Capital outlay	6,500	6,500	-
Total Expenditures	12,800	12,723	77
Net change in fund balances	(9,800)	(11,128)	(1,328)
Fund balance - beginning of year	15,317	15,317	-
Fund balance - end of year	\$ 5,517	\$ 4,189	\$ (1,328)

## CITY OF GREENSBORO, GEORGIA

HOTEL/MOTEL TAX FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

	Final Budget	Actual	Variance with Budget
<u>Revenues:</u>			
Taxes	\$ 56,500	\$ 56,236	\$ (264)
Total Revenues	56,500	56,236	(264)
<u>Expenditures:</u>			
Current:			
General Government	24,500	23,809	691
Total Expenditures	24,500	23,809	691
Excess of Revenues Over (Under) Expenditures	32,000	32,427	427
<u>Other Financing Sources (Uses):</u>			
Transfer to General Fund	(32,000)	(32,427)	(427)
Total Other Financing Sources (Uses)	(32,000)	(32,427)	(427)
Net change in fund balances	-	-	-
Fund Balance - beginning of year	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ -

## CITY OF GREENSBORO, GEORGIA

## COMMUNITY DEVELOPMENT BLOCK GRANT

#11p-x-066-2-5355

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES-BUDGET AND ACTUAL  
FROM INCEPTION AND FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Prior Years	Current Year	Total to Date	Project Authorization
<u>Revenues:</u>				
Department of Community Affairs	\$ 402,950	\$ -	\$ 402,950	\$ 482,475
Interest income	2	-	2	-
Total Revenues	402,952	-	402,952	482,475
<u>Expenditures:</u>				
P-001-01 Acquisition of Property	62,477	-	62,477	20,000
T-03J-00 Engineering-Water/Sewer Improvements	61,690	-	61,690	9,500
P-03J-01 Water Facilities	349,561	-	349,561	87,514
T-03K-00 Engineering-Street Improvements	10,757	4,323	15,080	35,000
P-03K-02 Flood and Drainage Facilities	-	-	-	330,461
A-21A-00 Administration	42,815	-	42,815	-
Total Expenditures	527,300	4,323	531,623	482,475
Excess of Revenues Over (Under) Expenditures	(124,348)	(4,323)	(128,671)	-
<u>Other Financing Sources (Uses):</u>				
Transfer from General Fund	124,348	4,323	128,671	-
Total Other Financing Sources (Uses)	124,348	4,323	128,671	-
Net change in fund balances	-	-	-	-
Fund Balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ -	\$ -

## CITY OF GREENSBORO, GEORGIA

## COMMUNITY DEVELOPMENT BLOCK GRANT

#13p-x-066-2-5552

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES-BUDGET AND ACTUAL  
 FROM INCEPTION AND FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Prior Years	Current Year	Total to Date	Project Authorization
<u>Revenues:</u>				
Department of Community Affairs	\$ 26,950	\$ -	\$ 26,950	\$ 500,000
Total Revenues	26,950	-	26,950	500,000
<u>Expenditures:</u>				
C-022-00 Contingencies-Unprogrammed Funds	622	393	1,015	26,622
T-03J-00 Engineering-Water/Sewer Improvements	58,846	32,037	90,883	11,432
P-03J-01 Water Facilities	3,000	198	3,198	431,946
A-21A-00 Administration	25,700	10,421	36,121	30,000
Total Expenditures	88,168	43,049	131,217	500,000
Excess of Revenues Over (Under) Expenditures	(61,218)	(43,049)	(104,267)	-
<u>Other Financing Sources (Uses):</u>				
Transfer from Water Fund	61,218	43,049	104,267	-
Total Other Financing Sources (Uses)	61,218	43,049	104,267	-
Net change in fund balances	-	-	-	-
Fund Balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ -	\$ -

CITY OF GREENSBORO, GEORGIA

COMMUNITY DEVELOPMENT BLOCK GRANT

#14rd-x-066-2-5730

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES-BUDGET AND ACTUAL  
FROM INCEPTION AND FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Prior Years	Current Year	Total to Date	Project Authorization
<u>Revenues:</u>				
Department of Community Affairs	\$ 151,300	\$ 307,853	\$ 459,153	\$ 500,000
Total Revenues	151,300	307,853	459,153	500,000
<u>Expenditures:</u>				
E-001-01 Acquisition of Property (Public)	150,000	-	150,000	150,000
E-18A-00 ED - Assistance to Private For-Profit	-	247,553	247,553	270,000
T-18A-00 Engineering - ED Direct Financial Assistance	-	50,000	50,000	50,000
A-21A-00 Administration	1,300	10,300	11,600	30,000
Total Expenditures	151,300	307,853	459,153	500,000
Net change in fund balances	-	-	-	-
Fund Balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ -	\$ -

## CITY OF GREENSBORO, GEORGIA

SCHEDULE OF PROJECTS CONSTRUCTED  
WITH SPECIAL SALES TAX PROCEEDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

	Original Estimated Cost	Revised Estimated Cost	Expenditures		
			Restated Prior Year(s)	Current Year	Total
<b><u>2009 Referendum</u></b>					
Roads, Streets, Bridges and Sidewalks	\$ 4,311,791	\$ 2,105,500	\$ 1,885,975	\$ 152,353	\$ 2,038,328
Public Safety Facilities and Equipment	900,000	926,000	925,393	-	925,393
Water, Sewer and Stormwater Facilities and Equipment	1,000,000	1,100,000	1,086,288	146,389	1,232,677
Administrative Facilities and Equipment	250,000	162,500	3,688	6,891	10,579
Cultural Facilities and Equipment	500,000	620,000	572,887	14,279	587,166
Total 2009 Referendum	\$ 6,961,791	\$ 4,914,000	\$ 4,474,231	\$ 319,912	\$ 4,794,143

	Original Estimated Cost	Expenditures		
		Prior Year(s)	Current Year	Total
<b><u>2015 Referendum</u></b>				
Roads, Streets, Bridges and Sidewalks	\$3,550,000	\$ 179	\$ 456,831	\$ 457,010
Public Safety Facilities and Equipment	100,000	-	317,882	317,882
Water, Sewer and Stormwater Facilities and Equipment	100,000	-	107,594	107,594
Administrative Facilities and Equipment	425,000	-	-	-
Blight Abatement	425,000	-	-	-
Culture Facilities & Equipment	20,000	-	-	-
Total 2015 Referendum	\$4,620,000	\$ 179	\$ 882,307	\$ 882,486

CITY OF GREENSBORO, GEORGIA

BALANCE SHEET  
COMPONENT UNIT-BETTER HOMETOWN  
SEPTEMBER 30, 2016

ASSETS

Cash and cash equivalent	\$	15,930
Receivables, net of allowance		
Accounts		<u>735</u>
Total Assets	\$	<u><u>16,665</u></u>

LIABILITIES AND FUND BALANCES

Liabilities:		
Accounts payable	\$	<u>2,763</u>
Total Liabilities		<u>2,763</u>
Fund Balances:		
Unassigned		<u>13,902</u>
Total Fund Balance		<u>13,902</u>
Total Liabilities and Fund Balance	\$	<u><u>16,665</u></u>

CITY OF GREENSBORO, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 COMPONENT UNIT-BETTER HOMETOWN  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

Revenues:

Contributions	\$	7,473
Intergovernmental		60,000
Interest earnings		11
		<hr/>
Total Revenues		67,484
		<hr/>

Expenditures:

Current:

Professional services		33,638
Rental		12,218
Advertising		9,458
Supplies		13,429
Travel		2,048
Other		15,310
		<hr/>
Total Expenditures		86,101
		<hr/>

Net change in fund balances	(18,617)
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Fund Balance, beginning of year	32,519
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Fund Balance, end of year	\$ 13,902
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CITY OF GREENSBORO, GEORGIA

BALANCE SHEET  
COMPONENT UNIT-DOWNTOWN DEVELOPMENT AUTHORITY  
SEPTEMBER 30, 2016

ASSETS

Cash and cash equivalent	\$ 25,904
Total Assets	<u>\$ 25,904</u>

LIABILITIES AND FUND BALANCES

Liabilities:	
Due to primary government	\$ 735
Total Liabilities	<u>735</u>
Fund Balances:	
Unassigned	<u>25,169</u>
Total Fund Balance	<u>25,169</u>
Total Liabilities and Fund Balance	<u>\$ 25,904</u>

CITY OF GREENSBORO, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 COMPONENT UNIT-DOWNTOWN DEVELOPMENT AUTHORITY  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

<u>Revenues:</u>	
Contributions	\$ 13,562
Intergovernmental	5,000
Interest earnings	2
	<hr/>
Total Revenues	18,564
	<hr/>
<u>Expenditures:</u>	
Current:	
Professional services	784
Printing	509
Advertising	411
Other	8,000
	<hr/>
Total Expenditures	9,704
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Net change in fund balances	8,860
	<hr/>
Fund Balance, beginning of year	16,309
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Fund Balance, end of year	\$ 25,169
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# **GOVERNMENTAL REPORT**

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

Honorable Mayor and City Council  
The City of Greensboro, Georgia

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Greensboro, Georgia as of and for the year ended September 30, 2016 and the related notes to the financial statements, which collectively comprise City of Greensboro, Georgia's basic financial statements, and have issued our report thereon dated August 25, 2017.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purposes 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be material weaknesses. 2016-001, 2016-002, 2016-003, 2016-004, 2016-005, and 2016-006

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Greensboro'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 a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

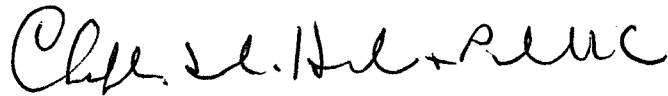
### **City of Greensboro, Georgia's Response to Findings**

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

### **Purpose of this Report**

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

Macon, Georgia  
August 25, 2017

A handwritten signature in black ink, appearing to read "Charles E. Hill". The signature is written in a cursive, flowing style.

CITY OF GREENSBORO, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2016

**Financial Statement Findings**

Findings noted on the “Report of Compliance and on Internal Controls of Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Governmental Auditing Standards”:

**2016-001    Community Development Block Grant (CDBG) – Redevelopment Fund**

*CRITERIA*

Accounting procedures should be designed to insure that revenues are accrued and recognized when they become both measureable and available to finance expenditures of the fiscal period. In accordance with generally accepted accounting principles, expenditures should be recognized as soon as a liability is incurred.

*CONDITION*

The City’s financial records understated housing and development expenditures and the related intergovernmental revenue on the CDBG activity for the fiscal year ended September 30, 2016.

*CONTEXT*

The retainage payable as of September 30, 2016 in the amount of \$24,755 was omitted in the City’s financial records. Material adjustments of \$24,755 were required to increase expenditures and the related intergovernmental revenues for FY 2016.

*EFFECT*

Material audit adjustments were necessary to correct the intergovernmental receivable and payable accounts in the CDBG Fund for the fiscal year ended September 30, 2016.

*CAUSE*

The City did not have adequate accounting procedures in place to insure the recording of CDBG activity.

*RECOMMENDATION*

We recommend that the City develop procedures to insure the proper recording of Community Development Block Grant activity.

*VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS*

The City concurs with the finding. The City Clerk will carefully review the contractor invoices to ensure that retainage payable is recorded correctly as well as the corresponding intergovernmental receivables.

CITY OF GREENSBORO, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2016  
(CONTINUED)

**2016-002    Utility Customer Account Adjustment Policy**

*CRITERIA*

An adequate system of internal controls over utility customer accounts and adjustment policies should require appropriate levels of authorization for adjustments to customer accounts.

*CONDITION*

In performing year-end audit procedures for the fiscal year ended September 30, 2016, we noted that the City does not have a formal policy for utility customer account adjustments.

*CONTEXT*

Currently the utility billing clerk approves and records all utility customer account adjustments.

*EFFECT*

Customer account adjustments are not being reviewed by management.

*CAUSE*

The City does not have a policy which establishes guidelines for adjusting utility customer accounts.

*RECOMMENDATION*

The City should establish procedures to insure that all customer account adjustments are reviewed and approved by appropriate levels of management. In addition, the City should give considerable attention to segregation of duties when establishing these procedures to avoid assigning incompatible duties to one employee.

*VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS*

The City concurs with the finding and has implemented a policy that requires adjustments to customer's utility accounts be approved by management before the adjustment is posted to the customer's account.



CITY OF GREENSBORO, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2016  
(CONTINUED)

**2016-003   Cemetery Trust Fund – Revenue Documentation**

*CRITERIA*

Accounting and control procedures should be designed to insure that revenues from cemetery lot and grave site marker sales are supported by appropriate documentation. Typically, appropriate documentation would include sales agreements / contracts for the individual cemetery lots and grave site markers.

*CONDITION*

Supporting documentation provided for cemetery lot and grave site marker sales could not substantiate the completeness of the receipts received during fiscal year end September 30, 2016.

*CONTEXT*

The City was unable to provide third party documentation for cemetery lot and grave site marker sales.

*EFFECT*

Failure to adequately monitor, document and reconcile cemetery lot and grave site marker sales could increase the likelihood of misappropriation of funds.

*CAUSE*

The City did not establish adequate internal control policies and procedures over the collections and reporting of cemetery lot and grave site marker sales.

*RECOMMENDATION*

The City should design an internal control system for receipting and documenting cemetery lot and grave site marker sales.

*VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS*

The City concurs with the finding. The City has implemented a policy that requires the City Clerk to maintain a copy of the cemetery deeds issued during the year. The deeds are reconciled to the revenue recorded to ensure the completeness of the receipts.

CITY OF GREENSBORO, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2016  
(CONTINUED)

**2016-004 Water and Sewer Fund**

*CRITERIA*

An effective system of internal controls includes the requirement that all bank accounts are reconciled with the general ledger and the reconciliations are reviewed by management or another responsible official.

*CONDITION*

Two bank account reconciliations in the Water and Sewer Fund were not correct at September 30, 2016.

*CONTEXT*

In performing year-end audit procedures on the City's bank reconciliations and accounts payable balances, we noticed that the City had recorded an entry that included the next month's debt service payment. Accounts payable was overstated as a result of this entry and the corresponding two bank accounts were also overstated.

*EFFECT*

Audit adjustments were required to correct the balances as follows:

- The Debt Service account balance was decreased by \$31,100.
- The CUS/GEFA account balance was decreased by \$8,130.
- Accounts payable balance was decreased by \$39,230.

*CAUSE*

The City erroneously recorded an October 2016 debt service payment as a September 2016 transaction.

*RECOMMENDATION*

We recommend that the bank reconciliations be reviewed by a responsible official with adequate training in governmental accounting standards and generally accepted accounting principals.

*VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS*

The City concurs with the finding. The City Clerk will carefully review the bank reconciliations to ensure that the bank account reconciliations are correct.

CITY OF GREENSBORO, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2016  
(CONTINUED)

**2016-005 Hotel / Motel Tax Accounts Receivable / Revenue – Monitoring Procedures**

*CRITERIA*

Cities may levy and collect an excise tax on charges made for rooms, lodging or accommodations furnished by hotels, motels, inns, lodges, tourist camps or campgrounds. Accounting procedures should be designed to insure that revenues are accrued and recognized when they become both measurable and available to finance expenditures of the fiscal period.

*CONDITION*

Monitoring procedures were not adequate to identify that City hotels were timely remitting the required monthly reports and Hotel/Motel Taxes to the City as required by law.

*CONTEXT*

Audit procedures identified that two hotels had not remitted the July 2016 monthly reports of collections and the taxes to the City.

*EFFECT*

Since no reports were submitted for July 2016 on the two hotels, it is unclear as to the amount of the understatement of the taxes.

*CAUSE*

The City does not have adequate accounting procedures in place to ensure that hotels are timely remitting the required monthly reports and Hotel/Motel Tax revenues.

*RECOMMENDATION*

We recommend that the City implement additional monthly procedures to ensure that hotels are timely remitting the required monthly reports and Hotel Motel Tax revenues.

*VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS*

The City concurs with the finding. The City Clerk is monitoring to ensure that each hotel is timely remitting the monthly reports to the City. The City Clerk has notified the delinquent hotels.

CITY OF GREENSBORO, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2016  
(CONTINUED)

**2016-006 Proprietary Fund Revenue**

*CRITERIA*

Accounting procedures should be designed to insure that revenue is accrued and recognized when it becomes both measurable and available to finance expenses of the fiscal period.

*CONDITION*

A major customer's payment for services was not properly allocated to revenue between the Water and Sewer Fund and the Gas Fund.

*CONTEXT*

In performing year-end audit procedures for the fiscal year ended September 30, 2016, we discovered that the City applied a customer's Gas Fund account overpayment to the same customer's Water and Sewer Fund account by applying a credit bill to the customer's Water and Sewer account. This resulted in the Gas Fund's revenues being overstated and the Water and Sewer Fund's revenue being understated.

*EFFECT*

Audit adjustments for the year ended September 30, 2016 were required to fairly report sales revenue as follows:

- Water and Sewer Fund revenues were increased by \$20,845.
- Gas Fund revenues were decreased by \$20,845.

*CAUSE*

The City does not have adequate accounting procedures in place to insure the recording of sales revenue.

*RECOMMENDATION*

We recommend that the City develop procedures to insure the recording of revenues and the reconciliation of billed revenues to current year sales.

*VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS*

The City concurs with the finding. The Utility Billing Clerk is carefully reviewing the allocation of payments posting to customer's accounts.