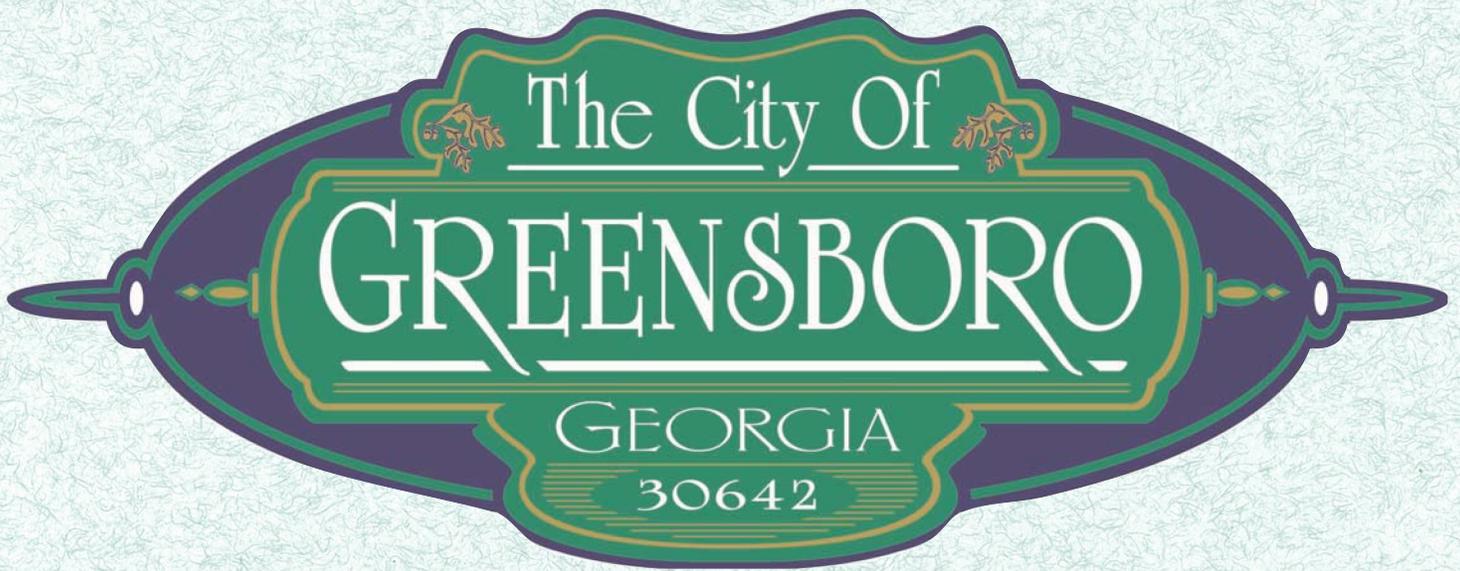


**CITY OF GREENSBORO
GEORGIA**



ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2019**

CITY OF GREENSBORO, GEORGIA
INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2019

CITY OF GREENSBORO, GEORGIA
 ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR’S REPORT	1 – 3
 FINANCIAL STATEMENTS	
Government-wide Financial Statements:	
Statement of Net Position	4 – 5
Statement of Activities.....	6 – 7
Fund Financial Statements:	
Balance Sheet – Governmental Funds	8
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position.....	9
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	10
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	11
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund.....	12 – 13
Statement of Net Position – Proprietary Funds.....	14 – 15
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	16 – 17
Statement of Cash Flows – Proprietary Funds.....	18 – 19
Notes to the Financial Statements	20 – 45
 REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Changes in the Net Pension Liability and Related Ratios	46
Schedule of Contributions	47
Notes to the Required Supplementary Information.....	48
 SUPPLEMENTARY INFORMATION	
<u>Governmental Funds</u>	
Nonmajor Governmental Funds:	
Combining Balance Sheet – Nonmajor Governmental Funds	49 – 50

CITY OF GREENSBORO, GEORGIA

ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

TABLE OF CONTENTS
(CONTINUED)

	<u>Page</u>
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	51 – 52
Confiscated Assets Fund Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	53
Hotel/Motel Tax Fund Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	54
CHIP Fund Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – From Inception	55
Schedule of Projects Constructed with Special Sales Tax Proceeds.....	56
Component Units Better Hometown - Balance Sheet.....	57
Better Hometown - Statement of Revenues, Expenditures, and Changes in Fund Balances	58
Downtown Development Authority - Balance Sheet.....	59
Downtown Development Authority - Statement of Revenues, Expenditures, and Changes in Fund Balances	60
 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>	61 – 62
Schedule of Findings and Responses	63 – 69
Schedule of Prior Year Findings	70 – 71



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, 2019, 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, 2019, and the respective changes in financial position and, where applicable, cash flows 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 schedule of changes in the City's net pension liability and related ratios on page 46, the schedule of City contributions on page 47, and the notes to the required supplementary information on page 48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Greensboro, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements and schedules, the schedule of projects constructed 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 projects constructed with special sales tax proceeds, and the component unit's financial statements are the responsibility of management and were derived from and relate directly to the

underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules, the schedule of projects constructed 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 June 9, 2021 on our consideration of the 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Greensboro, Georgia's internal control over financial reporting and compliance.

Clifton, Sippford, Brandon & Pate LLC

Macon, Georgia
June 9, 2021

FINANCIAL STATEMENTS

CITY OF GREENSBORO, GEORGIA

STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Better Hometown	Downtown Development Authority
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 2,760,653	\$ 665,030	\$ 3,425,683	\$ 3,186	\$ 15,808
Certificate of deposit	114,323	251,866	366,189	-	-
Restricted cash and cash equivalents:					
Cash and cash equivalents	990,639	984,927	1,975,566	-	-
Certificate of deposit	-	298,438	298,438	-	-
Receivables, net of allowance					
Taxes	29,348	-	29,348	-	-
Accounts	54,177	549,647	603,824	-	1,037
Intergovernmental	295,617	-	295,617	-	-
Internal balances	7,841	(7,841)	-	-	-
Prepays	75,438	42,434	117,872	-	-
Total Current Assets	4,328,036	2,784,501	7,112,537	3,186	16,845
Noncurrent Assets					
Investment-joint venture	-	2,392,535	2,392,535	-	-
Capital assets					
Nondepreciable	2,925,265	438,071	3,363,336	-	50,000
Depreciable, net	3,424,194	9,875,231	13,299,425	-	1,683,952
Total Noncurrent Assets	6,349,459	12,705,837	19,055,296	-	1,733,952
Total Assets	10,677,495	15,490,338	26,167,833	3,186	1,750,797
DEFERRED OUTFLOW OF RESOURCES					
Deferred outflows of resources related to pensions	196,495	67,494	263,989	-	-
Total Deferred Outflow of Resources	196,495	67,494	263,989	-	-

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, 2019
 (CONTINUED)

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Better Hometown	Downtown Development Authority
LIABILITIES					
Accounts payable	416,651	200,253	616,904	5,354	-
Accrued interest	4,358	-	4,358	-	-
Accrued expenses	53,883	14,339	68,222	-	-
Customer deposits	-	29,346	29,346	-	-
Due to primary government	-	-	-	4,875	-
Noncurrent liabilities					
Due within one year:					
Capital lease	72,448	-	72,448		
Notes payable	-	71,830	71,830	-	-
Revenue bonds payable	-	40,000	40,000	-	-
Compensated absences	34,880	11,840	46,720	-	-
Due in more than one year:					
Capital lease	1,277,204	-	1,277,204		
Notes payable	-	608,443	608,443	-	-
Revenue bonds payable	-	1,345,369	1,345,369	-	-
Net pension liability	429,892	147,666	577,558	-	-
Total Liabilities	2,289,316	2,469,086	4,758,402	10,229	-
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows of resources related to pensions	156,402	53,723	210,125	-	-
Total Deferred Inflows of Resources	156,402	53,723	210,125	-	-
NET POSITION					
Net investment in capital assets	5,990,446	9,633,029	15,623,475	-	1,733,952
Restricted for					
Debt service	-	697,468	697,468	-	-
Cemetery maintenance	88,223	-	88,223	-	-
Law enforcement	7,636	-	7,636	-	-
Capital outlay	2,013,988	-	2,013,988	-	-
Unrestricted	327,979	2,704,526	3,032,505	(7,043)	16,845
Total Net Position	\$ 8,428,272	\$ 13,035,023	\$ 21,463,295	\$ (7,043)	\$ 1,750,797

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, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 679,785	\$ 124,111	\$ 11,753	\$ 203,460
Judicial	68,926	-	-	-
Public safety	2,112,569	1,613	231,462	23,936
Public works	1,189,594	-	52,298	873,674
Culture and recreation	109,510	-	-	4,788
Housing and development	731,177	-	-	395,706
Interest on long-term debt	39,880	-	-	-
Total Governmental Activities	4,931,441	125,724	295,513	1,501,564
Business-Type Activities				
Water & Sewer	1,878,010	2,053,277	-	58,071
Gas System	3,192,782	4,133,188	-	328,777
Total Business-Type Activities	5,070,792	6,186,465	-	386,848
Total Primary Government	\$ 10,002,233	\$ 6,312,189	\$ 295,513	\$ 1,888,412
Component Units				
Better Hometown	\$ 115,577	\$ -	\$ 102,844	\$ -
Downtown Development Authority	65,233	-	6,721	13,518
Total Component Units	\$ 180,810	\$ -	\$ 109,565	\$ 13,518

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 (Deficit)

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, 2019
(CONTINUED)

Net (Expense) Revenue and Changes in Net Position			Component Units	
Primary Government			Better Hometown	Downtown Development Authority
Governmental Activities	Business-Type Activities	Total		
\$ (340,461)	\$ -	\$ (340,461)		
(68,926)	-	(68,926)		
(1,855,558)	-	(1,855,558)		
(263,622)	-	(263,622)		
(104,722)	-	(104,722)		
(335,471)	-	(335,471)		
(39,880)	-	(39,880)		
<u>(3,008,640)</u>	<u>-</u>	<u>(3,008,640)</u>		
	-	233,338		
	-	1,269,183		
	-	1,502,521		
<u>(3,008,640)</u>	<u>1,502,521</u>	<u>(1,506,119)</u>		
			\$ (12,733)	\$ -
			-	(44,994)
			<u>(12,733)</u>	<u>(44,994)</u>
566,863	-	566,863	-	-
963,684	-	963,684	-	-
355,064	-	355,064	-	-
601,090	-	601,090	-	-
15,116	36,635	51,751	10	13
70,934	108,152	179,086	-	-
<u>2,572,751</u>	<u>144,787</u>	<u>2,717,538</u>	<u>10</u>	<u>13</u>
991,990	(991,990)	-	-	-
<u>3,564,741</u>	<u>(847,203)</u>	<u>2,717,538</u>	<u>10</u>	<u>13</u>
556,101	655,318	1,211,419	(12,723)	(44,981)
7,872,171	12,379,705	20,251,876	5,680	1,795,778
<u>\$ 8,428,272</u>	<u>\$ 13,035,023</u>	<u>\$ 21,463,295</u>	<u>\$ (7,043)</u>	<u>\$ 1,750,797</u>

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, 2019

	General Fund	SPLOST 2015	Non-Major Governmental Funds	Total Governmental Funds
<u>ASSETS</u>				
Cash and cash equivalent	\$ 1,477,673	\$ 2,256,146	\$ 17,473	\$ 3,751,292
Certificates of deposit	32,506	-	81,817	114,323
Receivables, net of allowance				
Taxes	29,348	-	-	29,348
Accounts	46,947	-	7,230	54,177
Intergovernmental	100,454	195,163	-	295,617
Due from other funds	490,953	-	944	491,897
Prepays	75,438	-	-	75,438
Total Assets	<u>\$ 2,253,319</u>	<u>\$ 2,451,309</u>	<u>\$ 107,464</u>	<u>\$ 4,812,092</u>
<u>LIABILITIES</u>				
Accounts payable	\$ 66,622	\$ 341,955	\$ 8,074	\$ 416,651
Accrued expenses	53,883	-	-	53,883
Due to other funds	385,159	98,897	-	484,056
Total Liabilities	<u>505,664</u>	<u>440,852</u>	<u>8,074</u>	<u>954,590</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable revenue - property taxes	29,222	-	-	29,222
Total Deferred Inflows of Resources	<u>29,222</u>	<u>-</u>	<u>-</u>	<u>29,222</u>
<u>FUND BALANCES</u>				
Nonspendable	75,438	-	-	75,438
Restricted	-	2,010,457	99,390	2,109,847
Unassigned	1,642,995	-	-	1,642,995
Total Fund Balances	<u>1,718,433</u>	<u>2,010,457</u>	<u>99,390</u>	<u>3,828,280</u>
Total Liabilities, Deferred inflows of Resources and Fund Balances	<u>\$ 2,253,319</u>	<u>\$ 2,451,309</u>	<u>\$ 107,464</u>	<u>\$ 4,812,092</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, 2019

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

Total Fund Balances - Governmental Funds	\$ 3,828,280
Capital Assets	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Cost of the assets	10,191,976
Accumulated depreciation	(3,842,517)
Deferred outflows of resources	
Related to pensions	196,495
Long-term Liabilities	
Long-term liabilities, including capital leases payable and accrued interest, are not due and payable in the current period and, therefore, are not reported in the funds.	
Capital Leases	(1,349,652)
Accrued Interest	(4,358)
Compensated absences	(34,880)
Net pension liability	(429,892)
Deferred inflows of resources	
Related to pensions	(156,402)
Revenues	
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.	
	<u>29,222</u>
Total Net Position of Governmental Activities	<u>\$ 8,428,272</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, 2019

	General Fund	SPLOST 2015	Non-Major Governmental Funds	Total Governmental Funds
<u>REVENUES</u>				
Taxes				
Property tax	\$ 553,885	\$ -	\$ -	\$ 553,885
Sales tax	963,684	-	-	963,684
Other taxes	884,871	-	71,284	956,155
License and permits	28,251	-	-	28,251
Intergovernmental	295,513	1,201,690	295,339	1,792,542
Charges for Services	257	-	-	257
Fines & forfeitures	95,603	-	1,613	97,216
Interest earnings	13,331	4,534	1,785	19,650
Miscellaneous revenues	50,474	-	20,460	70,934
Total Revenues	2,885,869	1,206,224	390,481	4,482,574
<u>EXPENDITURES</u>				
Current				
General government	565,378	11,854	28,514	605,746
Judicial	68,926	-	-	68,926
Public safety	1,837,301	148,057	161	1,985,519
Public works	666,345	341,238	-	1,007,583
Culture and recreation	75,047	-	21,584	96,631
Housing and development	425,379	8,359	297,439	731,177
Capital Outlay	-	1,084,846	-	1,084,846
Debt Service				
Principal	-	60,348	-	60,348
Interest	-	35,522	-	35,522
Issuance cost	-	32,410	-	32,410
Total Expenditures	3,638,376	1,722,634	347,698	5,708,708
Excess (Deficiency) of Revenues Over (Under) Expenditures	(752,507)	(516,410)	42,783	(1,226,134)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers from other funds	1,034,760	4,229	2,100	1,041,089
Transfers to other funds	(6,329)	-	(42,770)	(49,099)
Capital lease proceeds	-	1,410,000	-	1,410,000
Total other financing sources (uses)	1,028,431	1,414,229	(40,670)	2,401,990
Net change in fund balances	275,924	897,819	2,113	1,175,856
Fund Balance, beginning of year	1,442,509	1,112,638	97,277	2,652,424
Fund Balance, end of year	\$ 1,718,433	\$ 2,010,457	\$ 99,390	\$ 3,828,280

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, 2019

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

Net change in fund balances - total governmental funds \$ 1,175,856

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	1,026,775
Total depreciation	(270,080)

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	(19,184)
--	----------

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:

Proceeds from capital lease	(1,410,000)
Principal payments	60,348
Accrued Interest	(4,358)
Compensated absences	579
Net pension liability	(1,497)

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	(15,316)
---	----------

Revenues

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

12,978

Change in Net Position of Governmental Activities

\$ 556,101

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, 2019

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
<u>REVENUES</u>				
Taxes				
Property	\$ 572,100	\$ 572,100	\$ 553,885	\$ (18,215)
Sales	830,000	830,000	963,684	133,684
Franchise	338,000	338,000	355,064	17,064
Insurance premium	220,000	220,000	245,181	25,181
Occupational	55,000	55,000	35,223	(19,777)
Alcoholic beverage	85,000	85,000	87,772	2,772
Other	177,300	177,300	161,631	(15,669)
Licenses and permits	10,000	10,000	28,251	18,251
Intergovernmental	310,856	310,856	295,513	(15,343)
Charges for services	400	400	257	(143)
Fines and forfeitures	62,000	62,000	95,603	33,603
Investment earnings	5,000	5,000	13,331	8,331
Miscellaneous	53,000	53,000	50,474	(2,526)
Total Revenues	2,718,656	2,718,656	2,885,869	167,213
<u>EXPENDITURES</u>				
Current				
General government				
Governing Body	111,020	111,020	71,244	39,776
City Manager	97,880	97,880	100,787	(2,907)
Financial Administration	388,410	388,410	393,347	(4,937)
Judicial				
Municipal Court	79,100	79,100	54,514	24,586
Public Defender	20,000	20,000	14,412	5,588
Public safety				
Police Protection	1,494,256	1,494,256	1,711,946	(217,690)
Fire Protection	122,930	122,930	78,332	44,598
Animal Control	30,000	30,000	47,023	(17,023)
Public works				
Highways and Streets	547,620	547,620	629,518	(81,898)
Maintenance Shop	21,850	21,850	20,377	1,473
Cemetery	19,000	19,000	16,450	2,550
Health and Welfare				
Community Services	3,000	3,000	-	3,000
Culture and recreation				
Recreation	82,360	82,360	75,047	7,313

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, 2019
 (CONTINUED)

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
Housing and development				
Planning and Zoning	125,560	125,560	99,063	26,497
Economic Development	132,740	132,740	153,722	(20,982)
Downtown Development	203,160	203,160	172,594	30,566
Total Expenditures	3,478,886	3,478,886	3,638,376	(159,490)
Excess of Revenue Over (Under) Expenditure	(760,230)	(760,230)	(752,507)	7,723
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfer from other funds	1,028,990	1,028,990	1,034,760	5,770
Transfer to other funds	-	-	(6,329)	(6,329)
Total Other Financing Sources (Uses)	1,028,990	1,028,990	1,028,431	(559)
Net change in fund balance	268,760	268,760	275,924	7,164
Fund balance, beginning of year	1,442,509	1,442,509	1,442,509	-
Fund balance, end of year	<u>\$ 1,711,269</u>	<u>\$ 1,711,269</u>	<u>\$ 1,718,433</u>	<u>\$ 7,164</u>

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, 2019

	Business-type Activities- Enterprise Funds		
	Water & Sewer Fund	Gas System	Total
<u>ASSETS</u>			
Current Assets			
Cash and cash equivalents	\$ 359,640	\$ 305,390	\$ 665,030
Certificates of deposit	7,896	243,970	251,866
Restricted cash	399,030	585,897	984,927
Restricted certificates of deposit	298,438	-	298,438
Accounts receivable, net	278,663	270,984	549,647
Due from other funds	-	384,215	384,215
Prepaid expenses	38,897	3,537	42,434
Total Current Assets	1,382,564	1,793,993	3,176,557
Long-Term Assets			
Investment-joint venture	-	2,392,535	2,392,535
Capital assets:			
Nondepreciable	437,745	326	438,071
Depreciable, net	8,914,477	960,754	9,875,231
Total capital assets, net	9,352,222	961,080	10,313,302
Total Long-Term Assets	9,352,222	3,353,615	12,705,837
Total Assets	10,734,786	5,147,608	15,882,394
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred outflows of resources related to pensions	55,442	12,052	67,494
Total Deferred Outflows of Resources	55,442	12,052	67,494

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, 2019
 (CONTINUED)

	Business-type Activities- Enterprise Funds		
	Water & Sewer Fund	Gas System	Total
<u>LIABILITIES</u>			
Current Liabilities			
Accounts payable	34,698	165,555	200,253
Accrued expenses	12,322	2,017	14,339
Customer deposits	17,700	11,646	29,346
Due to other funds	392,056	-	392,056
Compensated absences	8,483	3,357	11,840
Total current liabilities payable from unrestricted assets	465,259	182,575	647,834
Current liabilities payable from restricted assets:			
Notes payable - current	71,830	-	71,830
Revenue bonds payable - current	-	40,000	40,000
Total current liabilities payable from restricted assets	71,830	40,000	111,830
Total Current Liabilities	537,089	222,575	759,664
Long-term liabilities:			
Notes payable	608,443	-	608,443
Revenue bonds payable	-	1,345,369	1,345,369
Net pension liability	121,297	26,369	147,666
Total long-term liabilities	729,740	1,371,738	2,101,478
Total Liabilities	1,266,829	1,594,313	2,861,142
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred inflows of resources related to pensions	44,130	9,593	53,723
Total Deferred Inflows of Resources	44,130	9,593	53,723
<u>NET POSITION</u>			
Net investment in capital assets	8,671,949	961,080	9,633,029
Restricted for debt service	697,468	-	697,468
Unrestricted	109,852	2,594,674	2,704,526
Total Net Position	\$ 9,479,269	\$ 3,555,754	\$ 13,035,023

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, 2019

	Business-type Activities- Enterprise Funds		
	Water & Sewer Fund	Gas System	Total
<u>Operating revenues:</u>			
Charges and fees	\$ 2,053,277	\$ 4,133,188	\$ 6,186,465
Total operating revenues	2,053,277	4,133,188	6,186,465
<u>Operating expenses:</u>			
Salaries and benefits	623,410	104,499	727,909
Contract management	214,503	49,309	263,812
Cost of sales	-	2,720,730	2,720,730
Legal and professional	54,116	7,179	61,295
Operating materials	126,347	27,848	154,195
Other operating expenses	109,287	126,506	235,793
Repairs and maintenance	58,053	31,637	89,690
Utilities	210,396	23,444	233,840
Depreciation	422,960	44,402	467,362
Total operating expenses	1,819,072	3,135,554	4,954,626
Operating income (loss)	234,205	997,634	1,231,839
<u>Nonoperating revenues (expenses):</u>			
Interest income	10,088	26,547	36,635
Investment gain-joint venture	-	105,984	105,984
Intergovernmental revenue	-	328,777	328,777
Insurance recoveries	2,168	-	2,168
Interest expense	(58,938)	(57,228)	(116,166)
Total nonoperating revenues (expenses)	(46,682)	404,080	357,398
Income (loss) before contributions and transfers	187,523	1,401,714	1,589,237

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, 2019
 (CONTINUED)

	Business-type Activities- Enterprise Funds		
	Water & Sewer Fund	Gas System	Total
Capital contributions	58,071	-	58,071
Transfers out	(327,450)	(664,540)	(991,990)
Change in net position	(81,856)	737,174	655,318
Net Position - Beginning of Year	9,561,125	2,818,580	12,379,705
Net Position - End of Year	\$ 9,479,269	\$ 3,555,754	\$ 13,035,023

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, 2019

	Business-type Activities- Enterprise Funds		
	Water & Sewer Fund	Gas System	Total
<u>Cash Flows from Operating Activities:</u>			
Cash received from customers	\$ 2,596,085	\$ 3,859,205	\$ 6,455,290
Cash paid to suppliers for goods and services	(813,675)	(3,035,299)	(3,848,974)
Cash paid to employees	(622,048)	(101,024)	(723,072)
Net Cash Flows Provided by (Used for) Operating Activities	1,160,362	722,882	1,883,244
<u>Cash Flows from Noncapital Financing Activities:</u>			
Transfers	(327,450)	(664,540)	(991,990)
Net Cash Flows Provided by (Used for) Noncapital Financing Activities	(327,450)	(664,540)	(991,990)
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Principal payments on revenue bonds and notes	(418,559)	(40,000)	(458,559)
Interest and fiscal charges on revenue bonds and notes	(42,429)	(55,992)	(98,421)
Acquisition of Assets	(33,121)	-	(33,121)
Intergovernmental revenue	-	328,777	328,777
Net Cash Flows Provided by (Used for) Capital and Related Financing Activities	(491,941)	232,785	(259,156)
<u>Cash Flows from Investing Activities:</u>			
Interest income	10,088	26,547	36,635
Proceeds from sale of certificates of deposits	252,597	13,824	266,421
Purchase of investments	(10,088)	(15,228)	(25,316)
Net Cash Flows Provided by (Used for) Investing Activities	252,597	25,143	277,740
Net Increase (Decrease) in Cash and Cash Equivalents	593,568	316,270	909,838
Cash and Cash Equivalents, Beginning of Year	165,102	575,017	740,119
Cash and Cash Equivalents, End of Year	\$ 758,670	\$ 891,287	\$ 1,649,957

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, 2019
 (CONTINUED)

	Business-type Activities- Enterprise Funds		
	Water & Sewer Fund	Gas System	Total
Noncash Investing, Capital and Financing Activities			
Contributions of capital assets from government	\$ 58,071	\$ -	\$ 58,071
Classified as:			
Current assets	\$ 359,640	\$ 305,390	\$ 665,030
Restricted assets	399,030	585,897	984,927
Total Cash and Cash Equivalents, End of Year	\$ 758,670	\$ 891,287	\$ 1,649,957
Reconciliation of Net Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities			
Net Operating Income (Loss)	\$ 234,205	\$ 997,634	\$ 1,231,839
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Depreciation and amortization	422,960	44,402	467,362
Changes in Assets and Liabilities:			
(Increase) decrease in accounts receivable	151,077	110,182	261,259
(Increase) decrease in due from other funds		(384,215)	(384,215)
(Increase) decrease in prepaid expenses	(942)	(87)	(1,029)
(Increase) decrease in deferred outflows - pensions	12,824	2,660	15,484
Increase (decrease) in accounts payable	(40,031)	(48,559)	(88,590)
Increase (decrease) in accrued liabilities	3,362	3,699	7,061
Increase (decrease) in customer deposits	(325)	50	(275)
Increase (decrease) in due to other funds	392,056	-	392,056
Increase (decrease) in net pension liability	(14,298)	(2,853)	(17,151)
Increase (decrease) in deferred inflows - pensions	(526)	(31)	(557)
Total Adjustments	926,157	(274,752)	651,405
Net Cash Provided by (Used for) Operating Activities	\$ 1,160,362	\$ 722,882	\$ 1,883,244

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

NOTES TO THE FINANCIAL STATEMENTS

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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, 2019
(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, 2019
(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, 2019
(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.

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, 2019
(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 their acquisition value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019
(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 one item that qualifies for reporting in this category, 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.

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, 2019
(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 have 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, 2019
 (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, 2019:

	General Fund	SPLOST 2015	Nonmajor Governmental	Total
Fund Balances				
Nonspendable:				
Prepays	\$ 75,438	\$ -	\$ -	\$ 75,438
Restricted for:				
Cemetery Maintenance	-	-	88,223	88,223
Law enforcement	-	-	7,636	7,636
Capital outlay	-	2,010,457	3,531	2,013,988
Unassigned	1,642,995	-	-	1,642,995
Total fund balance	<u>\$ 1,718,433</u>	<u>\$ 2,010,457</u>	<u>\$ 99,390</u>	<u>\$ 3,828,280</u>

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 coverages 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. 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, 2019
(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 Nonmajor Special Revenue Fund had expenditures in excess of appropriations as follows:

General Fund:

City Manager	\$	2,907
Financial Administration		4,937
Police Protection		217,690
Animal Control		17,023
Highways and Streets		81,898
Economic Development		20,982
Transfers to other funds		6,329

Hotel\Motel Fund:

General Government		2,514
Transfer to Other Funds		5,770

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2019
 (CONTINUED)

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, 2019 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.

At September 30, 2019, the City’s certificates of deposit were as follows:

<u>CD’s</u>	<u>Maturity</u>	<u>Amount</u>
Certificates of Deposit – Nonmajor Governmental Fund	12 months	\$ 81,817
Certificates of Deposit – General Fund	48 months	32,506
Certificates of Deposit – Water & Sewer Fund	30 days	256,994
Certificates of Deposit – Water & Sewer Fund	48 months	7,896
Certificates of Deposit – Water & Sewer Fund	48 months	41,444
Certificates of Deposit – Gas Fund	48 months	243,970

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, 2019, 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.

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2019
 (CONTINUED)

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.

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 <u>(Excluding Vehicles)</u>	Motor <u>Vehicles</u>
Assessment Date	January 1	January 1
Levy Date	October 18	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 2018 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, 2019, is as follows:

<u>Expenditures By Purpose</u>	<u>Amount</u>	<u>Tax Receipts</u>	<u>Percentage</u>
Promote tourism	\$ 28,514	\$ 71,284	40%
General Fund	<u>42,770</u>	<u>-</u>	<u>60%</u>
Total	<u>\$ 71,284</u>	<u>\$ 71,284</u>	<u>100%</u>

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2019
 (CONTINUED)

NOTE 6 – RECEIVABLES

Receivables as of September 30, 2019, consist of the following:

	General	SPLOST 2015	Water & Sewer	Gas System	Non-major Governmental	Total
Receivables:						
Taxes	\$ 140,530	\$ -	\$ -	\$ -	\$ -	\$ 140,530
Accounts	46,947	-	986,276	484,441	7,230	1,524,894
Intergovernmental	100,454	195,163	-	-	-	295,617
Gross Receivables	287,931	195,163	986,276	484,441	7,230	1,961,041
Less: allowance for uncollectibles	(111,182)	-	(707,613)	(213,457)	-	(1,032,252)
Total net receivables	\$ 176,749	\$ 195,163	\$ 278,663	\$ 270,984	\$ 7,230	\$ 928,789

NOTE 7 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of September 30, 2019, is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	SPLOST 2015 Fund	\$ 98,897
	Water & Sewer	392,056
Gas System	General Fund	384,215
Nonmajor Governmental	General Fund	944
		<u>\$ 876,112</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, 2019
 (CONTINUED)

Interfund transfers:

	Transfer In:			Total
	General Fund	SPLOST 2015	Nonmajor Governmental	
Transfer Out:				
General Fund	\$ -	\$ 4,229	\$ 2,100	\$ 6,329
Gas System Fund	664,540	-	-	664,540
Water & Sewer Fund	327,450	-	-	327,450
Nonmajor Governmental Funds	42,770	-	-	42,770
Total	<u>\$ 1,034,760</u>	<u>\$ 4,229</u>	<u>\$ 2,100</u>	<u>\$ 1,041,089</u>

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.

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2019
 (CONTINUED)

NOTE 8 – CAPITAL ASSETS

	Beginning Balance	Increase	Decrease	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,216,843	\$ -	\$ -	\$ 1,216,843
Construction in progress	773,618	934,804	-	1,708,422
Total capital assets, not being depreciated	<u>1,990,461</u>	<u>934,804</u>	<u>-</u>	<u>2,925,265</u>
Capital assets, being depreciated				
Buildings	1,450,839	-	-	1,450,839
Machinery & equipment	1,357,820	82,071	-	1,439,891
Furniture & fixtures	12,165	-	-	12,165
Vehicles	1,599,516	9,900	-	1,609,416
Infrastructure	2,754,400	-	-	2,754,400
Total capital assets, being depreciated	<u>7,174,740</u>	<u>91,971</u>	<u>-</u>	<u>7,266,711</u>
Less accumulated depreciation for:				
Buildings	(454,848)	(32,883)	-	(487,731)
Machinery & equipment	(1,148,335)	(33,857)	-	(1,182,192)
Furniture & fixtures	(11,676)	(323)	-	(11,999)
Vehicles	(1,187,954)	(94,926)	-	(1,282,880)
Infrastructure	(769,624)	(108,091)	-	(877,715)
Total accumulated depreciation	<u>(3,572,437)</u>	<u>(270,080)</u>	<u>-</u>	<u>(3,842,517)</u>
Total capital assets, being depreciated, net	<u>3,602,303</u>	<u>(178,109)</u>	<u>-</u>	<u>3,424,194</u>
Governmental activities capital assets, net	<u>\$ 5,592,764</u>	<u>\$ 756,695</u>	<u>\$ -</u>	<u>6,349,459</u>
		Less related long-term debt outstanding		(1,349,652)
		Unspent bond proceeds		<u>990,639</u>
		Net investment in capital assets		<u>\$ 5,990,446</u>

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2019
 (CONTINUED)

	Beginning Balance	Increase	Decrease	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 394,874	\$ -	\$ -	\$ 394,874
Construction in progress	32,554	10,643	-	43,197
Total capital assets, not being depreciated	427,428	10,643	-	438,071
Capital assets, being depreciated:				
Buildings and improvements	13,553,320	34,408	-	13,587,728
Infrastructure	5,292,963	33,121	-	5,326,084
Equipment	1,706,817	13,020	-	1,719,837
Vehicles	149,711	-	-	149,711
Total capital assets being depreciated	20,702,811	80,549	-	20,783,360
Less accumulated depreciation for:				
Buildings and improvements	(4,213,838)	(276,738)	-	(4,490,576)
Infrastructure	(4,611,471)	(104,985)	-	(4,716,456)
Equipment	(1,474,640)	(82,504)	-	(1,557,144)
Vehicles	(140,818)	(3,135)	-	(143,953)
Total accumulated depreciation	(10,440,767)	(467,362)	-	(10,908,129)
Total capital assets, being depreciated, net	10,262,044	(386,813)	-	9,875,231
Business-type activities capital assets, net	\$ 10,689,472	\$ (376,170)	\$ -	10,313,302
				Less related long-term debt outstanding *
				(680,273)
				Net investment in capital assets
				\$ 9,633,029

* - 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 \$1,385,369 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, 2019
 (CONTINUED)

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

Governmental activities:

General government	\$ 6,211
Public safety	127,050
Public works	123,940
Culture and recreation	<u>12,879</u>

Total depreciation expense - governmental activities	<u>\$ 270,080</u>
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Business-type activities:

Water and sewer	\$ 422,960
Gas system	<u>44,402</u>

Total depreciation expense - business-type activities	<u>\$ 467,362</u>
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<u>Component Unit Activities:</u>	Beginning Balance	Increase	Decrease	Ending Balance
Downtown Development Authority				
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	41,162	-	-	41,162
Total capital assets being depreciated	<u>2,191,209</u>	<u>-</u>	<u>-</u>	<u>2,191,209</u>
Less accumulated depreciation for:				
Buildings	(161,417)	(13,000)	-	(174,417)
Buildings and improvements	(270,009)	(30,001)	-	(300,010)
Equipment	(27,395)	(5,435)	-	(32,830)
Total accumulated depreciation	<u>(458,821)</u>	<u>(48,436)</u>	<u>-</u>	<u>(507,257)</u>
Total capital assets, being depreciated, net	<u>1,732,388</u>	<u>(48,436)</u>	<u>-</u>	<u>1,683,952</u>
Downtown Development Authority capital assets, net	<u>\$1,782,388</u>	<u>\$ (48,436)</u>	<u>\$ -</u>	<u>\$1,733,952</u>

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

Component Unit

Downtown Development Authority	<u>\$ 48,436</u>
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Total depreciation expense - component unit	<u>\$ 48,436</u>
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CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2019
 (CONTINUED)

NOTE 9 – LONG-TERM DEBT

Changes in long-term liabilities

Long-term liability activity for the year ended September 30, 2019, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences	\$ 35,459	\$ 73,143	\$ (73,722)	\$ 34,880	\$ 34,880
Capital lease payable	-	1,410,000	(60,348)	1,349,652	72,448
Net pension liability	428,395	1,497	-	429,892	-
Governmental activity long-term liabilities	<u>\$ 463,854</u>	<u>\$ 1,484,640</u>	<u>\$ (134,070)</u>	<u>\$ 1,814,424</u>	<u>\$ 107,328</u>
Business-type activities:					
Compensated absences	\$ 9,101	\$ 14,260	\$ (11,521)	\$ 11,840	\$ 11,840
Notes payable	748,832	-	(68,559)	680,273	71,380
Revenue bonds payable	1,805,000	-	(390,000)	1,415,000	40,000
Deferred amounts:					
Less: Bond discount	(30,865)	-	1,234	(29,631)	-
Net pension liability	164,817	-	(17,151)	147,666	-
Business-type activity long-term liabilities	<u>\$ 2,696,885</u>	<u>\$ 14,260</u>	<u>\$ (485,997)</u>	<u>\$ 2,225,148</u>	<u>\$ 123,220</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.

Capital Lease Payable

On January 1, 2019, the City and the Georgia Municipal Association, Inc. entered into an installment agreement for \$1,410,000 with an interest rate of 3.875% to purchase and renovate a building for a new city hall. Principal and interest payments in the amount of \$30,926 are due March 1, June 1, September 1 and, December 1 of each year through December 2033. The debt is secured by the building. As of September 30, 2019, all assets related to this agreement have been included in construction in progress, therefore, no depreciation expense or accumulated depreciation has been calculated.

Year	Principal	Interest
2020	\$ 72,448	\$ 51,255
2021	75,297	48,406
2022	78,257	45,446
2023	81,334	42,369
2024	84,532	39,171
2025-2029	475,202	143,312
2030-2034	482,582	43,156
Total	<u>\$ 1,349,652</u>	<u>\$ 413,115</u>

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2019
 (CONTINUED)

Revenue Bonds

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 2019, the City received \$95,375 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
2020	\$ 40,000	\$ 54,375
2021	40,000	53,175
2022	40,000	51,975
2023	40,000	50,775
2024	45,000	49,416
2025-2029	240,000	223,381
2030-2034	285,000	173,281
2035-2039	350,000	108,941
2040-2043	335,000	29,219
Total	<u>\$ 1,415,000</u>	<u>\$ 794,538</u>

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2019
 (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, 2019, 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>
2020	\$ 71,380	\$ 26,171
2021	74,318	23,232
2022	77,377	20,174
2023	80,561	16,990
2024	83,877	13,674
2025-2028	<u>292,760</u>	<u>19,855</u>
Total	<u>\$ 680,273</u>	<u>\$ 120,096</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, 2019
 (CONTINUED)

Plan Membership

As of January 1, 2019, the date of the most recent actuarial valuation date, pension plan membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	28
Terminated employees entitled to benefits but no yet receiving them	26
Current active employees	38
Nonvested benefits	<u>10</u>
Total Membership in the plan	<u><u>102</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 8.32% 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, 2019, the City reported a net pension liability. The net pension liability was measured as of September 30, 2018. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of January 1, 2019. An expected total pension liability as of September 30, 2019 was determined using standard roll-forward techniques.

For the year ended September 30, 2019, the City recognized pension expense relative to GMEBS in the amount of \$212,900. At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to the Pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 64,329	\$ 8,514
Changes of assumptions	33,326	-
Net difference between projected and actual earnings on pension plan investments	-	201,611
Employer contributions subsequent to the measurement date	<u>166,334</u>	<u>-</u>
	<u><u>\$ 263,989</u></u>	<u><u>\$ 210,125</u></u>

City contributions subsequent to the measurement date of September 30, 2018 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, 2019. Other amounts reported as deferred outflows of resources and

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2019
 (CONTINUED)

deferred inflows of resources related to pensions will be recognized in the pension expense as follows:

<u>Year ended December 31:</u>	
2020	\$ (3,492)
2021	(50,330)
2022	(41,712)
2023	(16,934)

Actuarial Assumptions: The total pension liability as of September 30, 2019 was determined by an actuarial valuation as of January 1, 2019 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increase	2.75%, plus service based merit increases
Investment rate of return	7.50%, 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, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010 to June 30, 2014.

Net Pension Liability:

<u>Changes in the Net Pension Liability:</u>	<u>Total Pension Liability</u>	<u>Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balances at September 30, 2018	\$ 4,048,291	\$ 3,455,079	\$ 593,212
Changes for the year:			
Service cost	89,180	-	89,180
Interest	303,938	-	303,938
Differences between expected and actual experience	44,258	-	44,258
Contributions-employer	-	168,719	(168,719)
Net investment income	-	343,151	(343,151)
Benefit payments	(169,919)	(169,919)	-
Administrative expense	-	(16,233)	16,233
Other	42,607	-	42,607
Net changes	310,064	325,718	(15,654)
Balance at September 30, 2019	\$ 4,358,355	\$ 3,780,797	\$ 577,558

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2019
 (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 \$429,892 and \$147,666, 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, 2019 is summarized in the following table:

Asset class	Target allocation	Long-Term Expected Real Rate of Return
Domestic Equity	45%	6.40%
International Equity	20%	7.40%
Real estate	10%	5.10%
Global fixed income	5%	3.03%
Domestic fixed income	20%	1.75%
Cash	0%	
Total	100%	

Discount Rate: The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that 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 7.50%, 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 (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current discount rate (7.50%)	1% Increase (8.50%)
Sensitivity of the Net Pension Liability to Changes in the Discount Rate	\$ 1,073,514	\$ 577,558	\$ 161,445

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019
(CONTINUED)

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.

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 OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019
(CONTINUED)

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 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, 2019
(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 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, 2019, the Authority made payments of \$10,848 “in lieu of taxes”.

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.

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

Investment, October 1	\$ 2,286,552
Greensboro’s share of net income	<u>105,983</u>
Investment, September 30	<u>\$ 2,392,535</u>

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2019
 (CONTINUED)

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	\$ 3,748,966	\$ 484,441
Novelis	2,786,506	201,994
Percent of Total	75%	42%

NOTE 18 – TAX ABATEMENTS

The City’s Mary Leila Mill District Enterprise Zone (EZ) was established in 2013 by action of the City Council. The EZ exists to encourage investment and improvements to properties within an area determined to consist of pervasive poverty, unemployment, general distress, underdevelopment, and persistent blight.

Under the EZ ordinance, council may choose to grant incentives such as waiving fees or ad valorem taxes for projects that meet the criteria of the EZ. These incentives are negotiated on a case-by-case basis by the council.

On August 7, 2017, the City entered into a property tax abatement agreement with the Oconee Brewing Company. Under the agreement, property tax for years 2016-2020 is based on the 2015 assessment value of \$7,450.

NOTE 19 – EVALUATION OF SUBSEQUENT EVENTS

During March 2020, the City modified operations as a result of the COVID-19 pandemic and in compliance with state and federal recommendations. The extent of the impact of COVID-19 on the City’s operational and financial performance will depend on certain developments, including the duration and spread of the outbreak all of which are uncertain. Accordingly, the extent to which COVID-19 may impact the financial condition or results of operation cannot be determined.

The City has evaluated subsequent events through June 9, 2021 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, 2019

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

	2019	2018	2017	2016	2015
Total pension liability					
Service cost	\$ 89,180	\$ 94,709	\$ 88,267	\$ 77,141	\$ 63,945
Interest on total pension liability	303,938	285,972	264,519	244,994	217,268
Difference between expected and actual experience	44,258	(14,190)	50,096	55,478	230,237
Benefit payments, including refunds of employee contributions	(169,919)	(127,414)	(124,716)	(126,650)	(132,130)
Other	42,607	55,543	-	-	(24,306)
Net change in total pension liability	310,064	294,620	278,166	250,963	355,014
Total pension liability - beginning of year	4,048,291	3,753,671	3,475,505	3,224,542	2,869,528
Total pension liability - end of year	\$ 4,358,355	\$ 4,048,291	\$ 3,753,671	\$ 3,475,505	\$ 3,224,542
Plan fiduciary net position					
Contributions - employer	\$ 168,719	\$ 137,400	\$ 108,544	\$ 108,028	\$ 98,204
Net investment income	343,151	453,434	303,730	31,486	282,451
Benefit payments, including refunds of member contributions	(169,919)	(127,414)	(124,716)	(126,650)	(132,130)
Administrative expenses	(16,233)	(16,266)	(8,796)	(10,471)	(8,565)
Net change in plan fiduciary net position	325,718	447,154	278,762	2,393	239,960
Plan fiduciary net position - beginning of year	3,455,079	3,007,925	2,729,163	2,726,770	2,486,810
Plan fiduciary net position - end of year	\$ 3,780,797	\$ 3,455,079	\$ 3,007,925	\$ 2,729,163	\$ 2,726,770
City's net pension liability (asset) - ending	\$ 577,558	\$ 593,212	\$ 745,746	\$ 746,342	\$ 497,772
Plan fiduciary net position as a percentage of the total pension liability	86.75%	85.35%	80.13%	78.53%	84.56%
Covered-employee payroll	1,524,711	1,958,710	2,020,222	1,939,393	1,633,323
Net pension liability as a percentage of covered-employee payroll	37.88%	30.29%	36.91%	38.48%	30.48%

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, 2019

SCHEDULE OF CITY CONTRIBUTIONS

	2019	2018	2017	2016	2015
Actuarially determined contributions	\$ 166,334	\$ 155,925	\$ 139,126	\$ 118,412	\$ 99,794
Contributions in relation to the actuarially determined contribution	166,334	168,719	137,400	108,544	99,794
Contribution deficiency (excess)	\$ -	\$ (12,794)	\$ 1,726	\$ 9,868	\$ -
City's covered-employee payroll	\$ 1,999,207	\$ 1,958,710	\$ 2,020,222	\$ 1,939,393	\$ 1,633,323
Contributions as a percentage of covered-employee payroll	8.32%	8.61%	6.80%	5.60%	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

SUPPLEMENTARY INFORMATION

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.

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, 2019

	Special Revenue Funds	
	Confiscated Assets	Hotel Motel Tax
<u>ASSETS</u>		
Cash and cash equivalent	\$ 7,536	\$ -
Certificates of deposit	-	-
Accounts receivable	100	7,130
Due from other funds	-	944
Total Assets	<u>\$ 7,636</u>	<u>\$ 8,074</u>
<u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Accounts payable	\$ -	\$ 8,074
Total Liabilities	<u>-</u>	<u>8,074</u>
Fund Balances:		
Restricted	7,636	-
Total Fund Balances	<u>7,636</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 7,636</u>	<u>\$ 8,074</u>

CITY OF GREENSBORO, GEORGIA

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2019
 (CONTINUED)

Capital Project Funds		Permanent Fund	Total Nonmajor Governmental Funds
CHIP Fund	2009 SPLOST	Cemetery Trust	
\$ -	\$ 3,531	\$ 6,406	\$ 17,473
-	-	81,817	81,817
-	-	-	7,230
-	-	-	944
<u>\$ -</u>	<u>\$ 3,531</u>	<u>\$ 88,223</u>	<u>\$ 107,464</u>
\$ -	\$ -	\$ -	\$ 8,074
-	-	-	8,074
-	3,531	88,223	99,390
-	3,531	88,223	99,390
\$ -	\$ 3,531	\$ 88,223	\$ 107,464

CITY OF GREENSBORO, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

	Special Revenue Funds	
	Confiscated Assets	Hotel Motel Tax
<u>Revenues:</u>		
Taxes	\$ -	\$ 71,284
Intergovernmental	-	-
Fines and forfeitures	1,613	-
Interest earnings	7	-
Other revenues	-	-
Total Revenues	1,620	71,284
<u>Expenditures:</u>		
Current:		
General government	-	28,514
Public safety	161	-
Culture and recreation	-	-
Housing and development	-	-
Total Expenditures	161	28,514
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,459	42,770
<u>Other Financing Sources (Uses):</u>		
Transfers from other funds	-	-
Transfers to other funds	-	(42,770)
Total other financing sources (uses)	-	(42,770)
Net change in fund balances	1,459	-
Fund Balance, beginning of year	6,177	-
Fund Balance, end of year	\$ 7,636	\$ -

CITY OF GREENSBORO, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019
(CONTINUED)

Capital Project Funds		Permanent Fund	Total Nonmajor Governmental Funds
CHIP Fund	2009 SPLOST	Cemetery Trust	
\$ -	\$ -	\$ -	\$ 71,284
295,339	-	-	295,339
-	-	-	1,613
-	-	1,778	1,785
-	-	20,460	20,460
295,339	-	22,238	390,481
-	-	-	28,514
-	-	-	161
-	-	21,584	21,584
297,439	-	-	297,439
297,439	-	21,584	347,698
(2,100)	-	654	42,783
2,100	-	-	2,100
-	-	-	(42,770)
2,100	-	-	(40,670)
-	-	654	2,113
-	3,531	87,569	97,277
\$ -	\$ 3,531	\$ 88,223	\$ 99,390

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, 2019

	Final Budget	Actual	Variance with Budget
<u>Revenues:</u>			
Forfeitures	\$ 4,000	\$ 1,613	\$ (2,387)
Interest earnings	-	7	7
Total Revenues	4,000	1,620	(2,380)
<u>Expenditures:</u>			
Current:			
Public Safety	4,000	161	3,839
Total Expenditures	4,000	161	3,839
Net change in fund balances	-	1,459	1,459
Fund balance - beginning of year	6,177	6,177	-
Fund balance - end of year	\$ 6,177	\$ 7,636	\$ 1,459

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, 2019

	Final Budget	Actual	Variance with Budget
<u>Revenues:</u>			
Taxes	\$ 63,000	\$ 71,284	\$ 8,284
Total Revenues	63,000	71,284	8,284
<u>Expenditures:</u>			
Current:			
General Government	26,000	28,514	(2,514)
Total Expenditures	26,000	28,514	(2,514)
Excess of Revenues Over (Under) Expenditures	37,000	42,770	5,770
<u>Other Financing Sources (Uses):</u>			
Transfer to General Fund	(37,000)	(42,770)	(5,770)
Total Other Financing Sources (Uses)	(37,000)	(42,770)	(5,770)
Net change in fund balances	-	-	-
Fund Balance - beginning of year	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ -

CITY OF GREENSBORO, GEORGIA

COMMUNITY HOME INVESTMENT PROGRAM
#2014-914

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES-BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

	Prior Years	Current Year	Total to Date	Project Authorization
<u>Revenues:</u>				
Department of Community Affairs	\$ 280,087	\$ 295,339	\$ 575,426	\$ 302,557
Total Revenues	280,087	295,339	575,426	302,557
<u>Expenditures:</u>				
Homeowner Rehabilitation Assistance	266,130	283,288	549,418	296,625
General Administration	13,957	14,151	28,108	5,932
Total Expenditures	280,087	297,439	577,526	302,557
Excess of Revenues Over (Under) Expenditures	-	(2,100)	(2,100)	-
<u>Other Financing Sources (Uses):</u>				
Transfer from General Fund	-	2,100	2,100	-
Total Other Financing Sources (Uses)	-	2,100	2,100	-
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, 2019

	Original Estimated Cost	Revised Estimated Cost	Expenditures		
			Prior Year(s)	Current Year	Total
<u>2009 Referendum</u>					
Roads, Streets, Bridges and Sidewalks	\$ 4,311,791	\$ 2,105,500	\$ 2,041,019	\$ -	\$ 2,041,019
Public Safety Facilities and Equipment	900,000	926,000	926,113	-	926,113
Water, Sewer and Stormwater Facilities and Equipment	1,000,000	1,100,000	1,232,677	-	1,232,677
Administrative Facilities and Equipment	250,000	162,500	10,579	-	10,579
Cultural Facilities and Equipment	500,000	620,000	587,166	-	587,166
Total 2009 Referendum	<u>\$ 6,961,791</u>	<u>\$ 4,914,000</u>	<u>\$ 4,797,554</u>	<u>\$ -</u>	<u>\$ 4,797,554</u>

	Cost	Year(s)	Year	Total
<u>2015 Referendum</u>				
Roads, Streets, Bridges and Sidewalks	\$ 3,550,000	\$ 786,404	\$ 591,692	\$ 1,378,096
Public Safety Facilities and Equipment	100,000	429,143	184,006	613,149
Water, Sewer and Stormwater Facilities and Equipment	100,000	889,251	295,020	1,184,271
Administrative Facilities and Equipment	425,000	3,819	483,210	487,029
Blight Abatement	425,000	41,609	8,359	49,968
Culture Facilities & Equipment	20,000	60,044	-	60,044
Total 2015 Referendum	<u>\$ 4,620,000</u>	<u>\$ 2,210,270</u>	<u>\$ 1,562,287</u>	<u>\$ 3,772,557</u>

Reconciliation of SPLOST schedule to financial statements:

2015 Referendum above	\$ 1,562,287
Add:	
Expenditures paid with USDA Grant Funds	99,999
Current year principal payments	<u>60,348</u>
Total Expenditures per financial statements	<u>\$ 1,722,634</u>

CITY OF GREENSBORO, GEORGIA

BALANCE SHEET
COMPONENT UNIT-BETTER HOMETOWN
SEPTEMBER 30, 2019

ASSETS

Cash and cash equivalent	\$	3,186
Total Assets	\$	<u>3,186</u>

LIABILITIES AND FUND BALANCES

Liabilities:

Accounts payable	\$	5,354
Due to primary government		<u>4,875</u>
Total Liabilities		<u>10,229</u>

Fund Balances:

Unassigned (Deficit)		<u>(7,043)</u>
Total Fund Balance (Deficit)		<u>(7,043)</u>
Total Liabilities and Fund Balance	\$	<u>3,186</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, 2019

<u>Revenues:</u>	
Contributions	\$ 14,871
Intergovernmental	87,973
Interest earnings	10
	<hr/>
Total Revenues	102,854
	<hr/>
<u>Expenditures:</u>	
Current:	
Professional services	40,727
Rental	15,747
Advertising	18,612
Supplies	15,509
Travel	5,073
Other	19,909
	<hr/>
Total Expenditures	115,577
	<hr/>
Net change in fund balances	(12,723)
Fund Balance, beginning of year	5,680
	<hr/>
Fund Balance, end of year (Deficit)	\$ (7,043)
	<hr/> <hr/>

CITY OF GREENSBORO, GEORGIA

BALANCE SHEET
 COMPONENT UNIT-DOWNTOWN DEVELOPMENT AUTHORITY
 SEPTEMBER 30, 2019

ASSETS

Cash and cash equivalent	\$	15,808
Accounts receivable		1,037
		<hr/>
Total Assets	\$	16,845
		<hr/> <hr/>

LIABILITIES AND FUND BALANCES

Liabilities:

Accounts payable	\$	-
		<hr/>

Total Liabilities		<hr/> -
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Fund Balances:

Unassigned		16,845
		<hr/>

Total Fund Balance		<hr/> 16,845
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Total Liabilities and Fund Balance	\$	16,845
		<hr/> <hr/>

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

Total fund balances - governmental funds	\$	16,845
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Capital Assets

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Cost of the assets		1,733,952
		<hr/>

Net Position of Governmental Activities	\$	1,750,797
		<hr/> <hr/>

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, 2019

<u>Revenues:</u>	
Contributions	\$ 13,518
Intergovernmental	6,721
Interest earnings	13
	<hr/>
Total Revenues	20,252
	<hr/>
<u>Expenditures:</u>	
Current:	
Professional services	9,225
Other	7,572
	<hr/>
Total Expenditures	16,797
	<hr/>
Net change in fund balances	3,455
Fund Balance, beginning of year	13,390
	<hr/>
Fund Balance, end of year	\$ 16,845
	<hr/> <hr/>

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

Net Change in Fund Balances - total governmental funds	\$ 3,455
Capital Assets	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.	
Current year depreciation expense	48,436
	<hr/>
Change in Net Position of Governmental Activities	\$ (44,981)
	<hr/> <hr/>

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
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, 2019 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 June 9, 2021.

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 the City of Greensboro’s internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2019-001, 2019-002, 2019-003, 2019-004, 2019-005, and 2019-006 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Greensboro's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2019-007.

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.

Clifton, Tifford, Hardison & Pahr LLC

Macon, Georgia
June 9, 2021

CITY OF GREENSBORO, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2019

FINANCIAL STATEMENT FINDINGS

Findings noted on the 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 *Governmental Auditing Standards*:

2019-001 Timely Financial Reporting

CRITERIA

Timely and accurate financial reports are essential in order to perform analysis of the financial condition of the City, review data for accuracy and completeness, monitor compliance with budget appropriations, and to prepare annual financial statements. Georgia code establishes requirements of audits for local governments. Each annual audit report of a local unit of government shall be completed and a copy of the report forwarded to the state auditor within 180 days after the close of the unit's fiscal year.

CONDITION

The City's internal control structure over accounting and financial reporting requires the utilization of a governmental consultant to provide significant supervision of the City's accounting staff. Some of the monthly accounting and reconciliation procedures are not being performed on a timely basis during the fiscal year. Material adjustments are required to be made by the City's consultant several months after year end to correct financial activity.

CONTEXT

Material adjustments were made by the City's consultant after fiscal year end 2019.

EFFECT

During the fiscal year, certain financial activity contained material errors that required adjustments to record revenues and expenditures in the proper fiscal period. The City was not prepared and ready for the annual audit in a timely manner to meet the State of Georgia's audit submission due date of March 31, 2020.

CAUSE

Financial personnel may have lacked the appropriate training on the accounting software and governmental accounting.

RECOMMENDATION

We recommend that the City enhance internal control procedures with the overall accounting system and financial reporting to ensure that accounting activity is recorded properly during the fiscal year. The City should establish new internal due dates that require the accounting records to be ready for the annual audit within 75 days after the fiscal year end of September 30th.

CITY OF GREENSBORO, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2019
(CONTINUED)

2019-001 Timely Financial Reporting (Continued)

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

The City concurs with the finding. The City Clerk is currently working with the City's accounting consultant to ensure the monthly reconciliation procedures are performed timely on all accounts.

2019-002 Oversight and Internal Controls

CRITERIA

An effective system of internal controls includes the periodic review by management of underlying supporting documentation and reconciliations. An effective system of internal controls should also include procedures designed to safeguard assets, detect misstatements, either through fraud or error, and assist in the production of reliable financial information.

CONDITION

The City does not have an approved policy addressing the required documentation and approvals required to authorize journal entries, expenditures and credit card charges.

CONTEXT

In performing year end audit procedures for the fiscal year ended September 30, 2019, we identified the following:

- Multiple expenditures and journal entries did not have evidence of proper approval.
- Multiple credit card charges were not substantiated with documentation.

EFFECT

The failure to have adequate controls over expenditures and journal entries increases the likelihood that misstatements to the financial records, due to either error or fraud, could occur and go undetected.

CAUSE

The City did not develop a policy documenting the required procedures for the approval of expenditures, journal entries, and credit card charges.

RECOMMENDATION

We recommend that the City perform periodic management oversight and adhere to internal controls to ensure City expenditures, journal entries, and credit card charges have proper approval.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

The City concurs with the finding. The City Clerk will review expenditures, journal entries, and credit card charges to ensure the proper documentation is obtained and has the proper approval.

CITY OF GREENSBORO, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2019
(CONTINUED)

2019-003 Segregation of Duties

CRITERIA

An effective system of internal controls includes the shared responsibilities of key processes that disperses the critical functions of that process to more than one person or department.

CONDITION

During the course of our audit key processes were identified that lacked adequate segregation of duties.

Context

The process of cash collections and posting to customer accounts was handled by a single individual.

The responsibility of approving and posting of accounts receivable adjustments was vested in the utility billing clerk.

EFFECT

A lack of segregation of duties increases the likelihood that misstatements to the financial records, due to either error or fraud, could occur and go undetected.

CAUSE

The limited number of employees and the resulting overlapping of duties make segregating duties difficult.

RECOMMENDATION

We recommend that the City review its processes and determine where it can cost-effectively separate incompatible functions or provide management oversight to mitigate risk.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

The City concurs with the finding. Effective March 1, 2020, the City implemented a policy that requires adjustments to customer's utility accounts be approved, entered, and posted to the customer's account by management.

CITY OF GREENSBORO, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2019
(CONTINUED)

2019-004 Cemetery Trust Fund – Revenue Documentation

CRITERIA

Accounting and control procedures should be designed to ensure 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, and timely deposits of cash receipts.

CONDITION

Supporting documentation provided for cemetery lot and grave site marker sales could not substantiate the completeness of the receipts received during the fiscal year ended September 30, 2019. In addition, cemetery lot and grave site marker sales were not deposited to the bank account in a timely manner.

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 increases the likelihood that misstatements to the financial statements, due to fraud or error, could occur and be undetected by management.

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. The City will stress the importance of timely deposits to the management of the cemetery.

CITY OF GREENSBORO, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2019
(CONTINUED)

2019-005 Proprietary Funds Accounts Receivable

CRITERIA

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

CONDITION

Accounts receivable were not reconciled to subsidiary records at year-end.

CONTEXT

In performing year end audit procedures for the fiscal year ended September 30, 2019, we identified that the City did not properly record accounts receivable between the Water & Sewer Fund and the Gas Fund. This resulted in the following audit adjustments made for September 30, 2019:

- Water & Sewer Fund accounts receivable were increased by \$384,221.
- Gas Fund accounts receivable were decreased by \$384,221.

EFFECT

The City's Gas Fund accounts receivable were overstated, and the City's Water & Sewer Fund accounts receivable were understated at September 30, 2019.

CAUSE

The City did not have adequate accounting procedures to ensure the reconciliation of control accounts to subsidiary records.

RECOMMENDATION

We recommend that the City establish policies to reconcile general ledger control accounts to subsidiary records on a timely basis.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

The City concurs with the finding. Overall, the total utility accounts receivable subsidiary ledger did reconcile to the total proprietary accounts receivable accounts. The City has established reconciliation procedures which reconciles the subsidiary ledger by service type to the individual fund.

CITY OF GREENSBORO, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2019
(CONTINUED)

2019-006 Municipal Court Receipts

CRITERIA

An effective system of internal controls includes reconciling the City's general ledger to the Municipal Court's subsidiary records.

CONDITION

The City did not reconcile Municipal Court receipts to deposits in the General Fund.

CONTEXT

Audit procedures indicated differences between amounts collected in the Municipal Court and deposits recorded in the City's general fund. The indicated differences ranged between \$9,600 and \$12,500.

EFFECT

Failure to reconcile Municipal Court receipts to general fund deposit increase the likelihood that misstatements to the financial statements, due to fraud or error, could occur and be undetected by management.

CAUSE

The City's staff does not have adequate training to ensure City books are reconciled to the subsidiary ledgers.

RECOMMENDATION

We recommend that the City establish procedures to ensure that Municipal Court receipts are reconciled with General Fund deposits.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

The City concurs with the finding. The City established policies to reconcile the collections made by Municipal Court to the General Fund Deposits. The reconciliation is performed by someone external to the cash collection process.

CITY OF GREENSBORO, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2019
(CONTINUED)

COMPLIANCE FINDING

2019-007 Budgetary Control – Expenditures Exceeding Appropriations

CRITERIA

In order to comply with the applicable legal requirements regarding budgets, procedures must exist to properly monitor compliance with the State law. The Official Code of Georgia (O.C.G.A.) Section 36-81-3 requires an annual balanced budget for the general fund and special revenue funds.

CONDITION

Expenditures in the City's General Fund exceeded appropriations in various departments and the City's Hotel\Motel Fund exceeded appropriations at the fund level as of September 30, 2019.

CONTEXT

Expenditures exceeded appropriations as follows:

General Fund:

City manager	\$ 2,907
Financial administration	4,937
Police protection	217,690
Animal Control	17,023
Highway and Streets	81,898
Economic Development	20,982
Transfers to other funds	6,329

Hotel/Motel Tax Fund:

General government	2,514
Transfers to other funds	5,770

EFFECT

The City is in violation of O.C.G.A. Section 36-81-3.

CAUSE

The City lacked timely financial reporting to properly monitor the status of budgeted expenditures.

RECOMMENDATION

We recommend the City modify its financial reporting system to monitor budgeted expenditures more closely.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

The City concurs with the finding. The City is monitoring the budget to actual activity of all funds. The City Manager will propose budget amendments to the Mayor and Council when necessary.

CITY OF GREENSBORO, GEORGIA

SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

2018-001 Accounting Internal Control and Timely Financial Reporting

CONDITION

The City 's internal control structure over accounting and financial reporting requires utilization of a governmental consultant to provide significant supervision of the City's accounting staff. Some of the monthly accounting and reconciliation procedures are not being performed on a timely basis during the fiscal year. Material adjustments are required to be made by the City's consultant several months after year end to correct financial activity. The City was not ready for annual audit in a timely manner to comply with audit submission due date requirements.

UPDATE

Unresolved – See Current Year Finding 2019-001

2018-002 Utility Customer Account Adjustment Policy

CONDITION

In performing year-end audit procedures for the fiscal year ended September 30, 2018, we noted that the City does not have a formal policy for utility customer account adjustments.

UPDATE

Unresolved – See Current Year Finding 2019-003.

2018-003 Cemetery Trust Fund – Revenue Documentation

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, 2018. In addition, cemetery lot and grave site marker sales were not deposited to the bank account in a timely manner.

CONTEXT

Unresolved. See Current Year Finding 2019-004.

2018-004 Downtown Development Authority & Better Hometown Program (Component Units) – General Maintenance – Recording of Prior Year Audit Entries

CONDITION

The Authority and the Program did not record a prior year audit entry that established a receivable/payable between the two component units.

UPDATE

Resolved

CITY OF GREENSBORO, GEORGIA

SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019
(CONTINUED)

2018-005 Budgetary Control – Expenditures Exceeding Appropriations

CONDITION

Expenditures in the City's General Fund exceeded appropriations in various departments and the City's Hotel\Motel Fund exceed appropriations at the fund level as of September 30, 2018.

UPDATE

Unresolved – See Current Year Finding 2019-007.