

CITY OF GROVETOWN, GEORGIA
ANNUAL FINANCIAL REPORT
DECEMBER 31, 2018

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ANNUAL FINANCIAL REPORT
DECEMBER 31, 2018**

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor, Members of City Council
and City Administrator
City of Grovetown, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Grovetown, Georgia (the "City"), as of and for the year ended December 31, 2018, 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 the 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.

Auditors' 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 auditors' judgement, 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 auditors consider 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, each major fund, and the aggregate remaining fund information of the City of Grovetown, Georgia as of December 31, 2018, and the respective changes in financial position, and where applicable, budgetary comparisons and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison, the schedule of changes in net pension liability, the schedule of employer's contributions and schedule of the City's proportionate share of the net pension liability, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining fund statements and the schedules of project expenditures with sales tax proceeds 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 fund statements and the schedules of project expenditures with sales tax proceeds 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 14, 2019 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Grovetown, Georgia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Serotta Maddocks Evans & Co.".

SEROTTA MADDOCKS EVANS & CO.

Augusta, Georgia

June 14, 2019

**CITY OF GROVETOWN, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018**

Georgia law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended December 31, 2018.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that was established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free from any material misstatements.

Serotta Maddocks Evans, CPAs has issued an unmodified opinion on the City of Grovetown, Georgia's financial statements for the year ended December 31, 2018. The independent auditors' report is located at the front of the financial section of this report.

As management of the City of Grovetown, Georgia (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2018.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the most recent calendar year by \$39,790,905. Of this amount, \$28,163,442 reflects net investment in capital assets. At year end, the City's unrestricted net position totaled \$8,889,517 and could be used at the discretion of the Mayor and City Council.
- The City reported a \$4,491,991 increase in net position for the year ended December 31, 2018. This is an increase of \$1,659,914 from the prior year.
- As of December 31, 2018, the City's combined fund balance of the City's governmental funds was approximately \$8,440,238, an increase of \$1,310,991 from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following discussion and analysis serves as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements.

**CITY OF GROVETOWN, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018**

Government-Wide Financial Statements - The government-wide financial statements consist of two statements: 1) statement of net position and 2) statement of activities.

The *statement of net position* presents information for the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes). Both the government-wide financial statements are prepared utilizing the accrual basis of accounting and distinguish functions of the City.

In the government-wide financial statements, the City is divided into two categories of activities:

Governmental activities - Most of the City's basic services are reported in this category, including the police, fire, transportation, culture and recreation, and general administration. Property taxes, sales taxes, insurance premium taxes, and franchise fees finance most of these activities.

Business-type activities - The City charges a fee to customers to help it cover the cost of services it provides. The City's water and sewer system and stormwater system are reported in this category.

Reporting the City's Most Significant Funds

Fund financial statements - The fund financial statements provide detailed information about the most significant funds - not the City as a whole. Some funds are required to be established by state law. However, the City established many other funds to help it control and manage money for purposes or to show that it is meeting legal responsibilities for using certain taxes, grants or other money. The City's two kinds of funds - governmental and proprietary - utilize different accounting approaches.

Governmental funds - The majority of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds. The balances left in the funds at year-end are those available for spending. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are financial resources that can be spent in the near future to finance the City's programs. By comparing information presented for governmental funds with similar information presented for governmental activities in the government-wide statements, readers may better understand the long-term effect of the government's near-term financing decisions.

**CITY OF GROVETOWN, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018**

The relationship or difference between governmental activities (reported in Net Position and the Statement of Activities) and governmental funds is detailed in a reconciliation following the fund financial statements. The City of Grovetown, Georgia has five individual governmental funds (General Fund, SPLOST 2011-2016 Fund, SPLOST 2017-2022 Fund, Police Seizure Fund, and Transportation SPLOST Fund).

Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund and the SPLOST 2017-2022 Fund, both of which are considered major funds. This information is also presented for the non-major funds.

Proprietary funds - The City charges customers for the services provided (water and sewer and stormwater service) to outside customers including other local governments. These services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and Statement of Activities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer fund and stormwater fund, both of which are considered to be major funds of the City. The proprietary fund financial statements can be found immediately following the governmental fund financial statements.

Notes to the financial statements - The notes to the basic financial statements provide additional information that is essential to the full understanding of the data provided in the government-wide and fund statements. The notes to the basic financial statements can be found on pages 22 through 43 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to the employees, budgetary comparative information for the general fund and proprietary fund and infrastructure modified approach. Supplementary information begins on page 44.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

By far the largest portion of the City's net position (74%) reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The City uses its capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**CITY OF GROVETOWN, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018**

Summary of Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Assets						
Current assets	\$ 8,828,135	\$ 7,575,081	\$ 5,037,574	\$ 4,190,445	\$ 13,865,709	\$ 11,765,526
Capital assets	22,501,205	20,781,715	22,744,848	11,881,966	45,246,053	32,663,681
Total assets	31,329,340	28,356,796	27,782,422	16,072,411	59,111,762	44,429,207
Deferred outflows of resources	158,242	131,935	23,347	20,754	181,589	152,689
Liabilities						
Current liabilities	432,024	629,183	1,654,433	2,806,556	2,086,457	3,435,739
Long-term liabilities	449,940	810,031	16,748,628	4,996,412	17,198,568	5,806,443
Total liabilities	881,964	1,439,214	18,403,061	7,802,968	19,285,025	9,242,182
Deferred inflows of resources	184,712	35,255	32,709	5,545	217,421	40,800
Net Position						
Net investment in capital assets	22,399,303	20,391,122	5,764,139	6,738,108	28,163,442	27,129,230
Restricted for:						
Debt service	-	-	869,856	255,525	869,856	255,525
Capital projects	1,868,090	1,735,176	-	-	1,868,090	1,735,176
Unrestricted	6,153,513	4,887,964	2,736,004	1,291,019	8,889,517	6,178,983
	<u>\$ 30,420,906</u>	<u>\$ 27,014,262</u>	<u>\$ 9,369,999</u>	<u>\$ 8,284,652</u>	<u>\$ 39,790,905</u>	<u>\$ 35,298,914</u>

Governmental Activities

The City's governmental revenues increased by \$1,802,320 and expenses increased by \$228,075. Property taxes and sales taxes increased approximately \$500,000 and \$550,000, respectively. The most significant governmental expenses for the City were general government, public safety and public works expenses. General government expenses totaled approximately \$2,557,050. Public safety expenses totaled approximately \$2,542,552. Public works expenses totaled approximately \$2,572,066.

The governmental activities net position increased \$3,406,644. Out of total net position, \$6,153,513 is unrestricted and available for future spending.

Business-type Activities

Revenue of the City's business-type activities was \$5,155,059, which is an increase of \$1,101,726 from the prior year. Expenses for the City's business-type activities increased by \$1,016,057 to \$4,313,464. The business-type activities' change in net position was \$1,085,347. Out of total net position, \$2,736,004 is unrestricted and available for future spending.

Overall, governmental and business-type activities increased the City's net position by \$4,491,991 for the year ended December 31, 2018. A summary of this increase is as follows:

CITY OF GROVETOWN, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018

Changes in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Revenues						
Program Revenues						
Charges for services	\$ 1,785,397	\$ 1,559,364	\$ 4,596,249	\$ 4,002,449	\$ 6,381,646	\$ 5,561,813
Operating grants/contributions	91,069	-	-	-	91,069	-
Capital grants/contributions	3,605,323	3,298,674	50,000	50,000	3,655,323	3,348,674
General Revenues						
Property taxes	2,339,271	1,862,552	-	-	2,339,271	1,862,552
Sales tax	2,384,198	1,835,319	-	-	2,384,198	1,835,319
Selective taxes	1,472,595	1,304,527	-	-	1,472,595	1,304,527
Franchise and business taxes	470,737	489,620	-	-	470,737	489,620
Unrestricted investment earnings	14,180	7,248	8,810	884	22,990	8,132
Gain on sale of capital assets	15,094	18,240	-	-	15,094	18,240
Miscellaneous	-	-	500,000	-	500,000	-
Total revenues	12,177,864	10,375,544	5,155,059	4,053,333	17,332,923	14,428,877
Expenses						
General government	2,557,050	2,279,082	-	-	2,557,050	2,279,082
Judicial	88,056	166,470	-	-	88,056	166,470
Public safety	2,542,552	2,593,185	-	-	2,542,552	2,593,185
Public works	2,572,066	2,439,983	-	-	2,572,066	2,439,983
Culture and recreation	459,807	533,711	-	-	459,807	533,711
Housing and development	292,103	286,962	-	-	292,103	286,962
Debt service	15,834	-	-	-	15,834	-
Business-type	-	-	4,313,464	3,297,407	4,313,464	3,297,407
Total expenses	8,527,468	8,299,393	4,313,464	3,297,407	12,840,932	11,596,800
Excess	3,650,396	2,076,151	841,595	755,926	4,491,991	2,832,077
Transfers	(243,752)	(262,000)	243,752	262,000	-	-
Change in net position	3,406,644	1,814,151	1,085,347	1,017,926	4,491,991	2,832,077
Net position - beginning	27,014,262	25,200,111	8,284,652	7,266,726	35,298,914	32,466,837
Net position - ending	<u>\$ 30,420,906</u>	<u>\$ 27,014,262</u>	<u>\$ 9,369,999</u>	<u>\$ 8,284,652</u>	<u>\$ 39,790,905</u>	<u>\$ 35,298,914</u>

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of December 31, 2018, the City had \$45,246,053 (net of accumulated depreciation) being reported as capital assets. This investment in capital assets includes police and fire equipment, buildings, park facilities, roads and utility system upgrades. Major capital asset additions during the year included improvements and expansion of the city's sewer lines, and equipment and vehicles purchased for various city departments. More detailed information about the City's capital assets is presented in Note 4 to the financial statements.

**CITY OF GROVETOWN, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018**

Capital Assets at Year-End

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Land	\$ 2,967,076	\$ 2,955,076	\$ 321,450	\$ 309,450	\$ 3,288,526	\$ 3,264,526
Construction in progress	5,638	-	16,317,410	6,162,367	16,323,048	6,162,367
Buildings and improvements	8,033,182	7,995,396	-	-	8,033,182	7,995,396
Vehicles and equipment	5,505,848	4,785,626	1,208,894	1,006,920	6,714,742	5,792,546
Infrastructure and utility systems	26,094,147	23,909,722	12,481,586	11,586,950	38,575,733	35,496,672
	42,605,891	39,645,820	30,329,340	19,065,687	72,935,231	58,711,507
Accumulated depreciation	(20,104,686)	(18,864,105)	(7,584,492)	(7,183,721)	(27,689,178)	(26,047,826)
Total	\$ 22,501,205	\$ 20,781,715	\$ 22,744,848	\$ 11,881,966	\$ 45,246,053	\$ 32,663,681

Long-Term Liabilities

A majority of the City's long-term obligations were secured to fund its investments in capital assets. Other obligations include accrued vacation pay and sick leave. More detailed information about the City's long-term liabilities is presented in Notes 5 and 6 to the financial statements.

General Fund Budgetary Highlights

The final budgeted operating revenues increased by \$311,000 or approximately 4% from the original budget as a result of increased tax revenue from sales taxes and property taxes. The final budgeted operating expenditures increased by \$311,000, or approximately 4%, due to an increase in costs related to closing the City's landfill.

Every year, the City's overall goal is to provide essential services to our citizens as cost effectively and professionally as possible. The Mayor and the City Council members work diligently to prepare for the future while ensuring that current processes work as efficiently as possible and continue to seek improvement. The City's governing body shows great diligence in creating a sound budget. For the year, actual revenues and expenditures were comparable with budgeted amounts.

Economic Factors and Next Year's Budget and Rates

The Mayor, City Council members and their appointed officials have continued to aggressively address the current and future needs of the City. The City's elected and appointed officials consider many factors when setting the fiscal year 2018 budget: property tax rates, expected sales tax and insurance premium tax, and various fees that will be collected. One of the factors is the economy. Although Grovetown, Georgia is a small city, the local economy remains strong. The City's growth has been fueled by new residential development over the past several years. Along with the residential growth, the City has attracted several commercial developments.

**CITY OF GROVETOWN, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018**

Requests for information

This report is designed to provide an overview of the City's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be addressed to the Finance Director, P.O. Box 120, Grovetown, Georgia 30813.

BASIC FINANCIAL STATEMENTS

CITY OF GROVETOWN, GEORGIA
STATEMENT OF NET POSITION
DECEMBER 31, 2018

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 8,216,888	\$ 4,193,470	\$ 12,410,358
Receivables	534,728	305,162	839,890
Prepaid	69,637	10,520	80,157
Internal balances	6,882	(6,882)	-
Restricted cash	-	535,304	535,304
Capital assets			
Non-depreciable assets	2,972,714	16,638,860	19,611,574
Depreciable assets, net of accumulated depreciation	19,528,491	6,105,988	25,634,479
Total assets	<u>31,329,340</u>	<u>27,782,422</u>	<u>59,111,762</u>
DEFERRED OUTFLOWS OF RESOURCES			
Contribution to the pension plan	124,234	17,325	141,559
Pension investment return	34,008	6,022	40,030
	<u>158,242</u>	<u>23,347</u>	<u>181,589</u>
LIABILITIES			
Current liabilities:			
Accounts payable	262,984	1,254,161	1,517,145
Accrued liabilities	35,155	-	35,155
Customer deposits	-	45,305	45,305
Accrued interest	-	37,520	37,520
Compensated absences	31,983	20,415	52,398
Notes payable	-	297,032	297,032
Leases payable	101,902	-	101,902
Noncurrent liabilities:			
Compensated absences	88,772	994	89,766
Notes payable	-	16,683,677	16,683,677
Net pension liability	361,168	63,957	425,125
Total liabilities	<u>881,964</u>	<u>18,403,061</u>	<u>19,285,025</u>
DEFERRED INFLOWS OF RESOURCES			
Pension investment return	98,481	17,439	115,920
Pension experience differences	86,231	15,270	101,501
Total deferred inflows of resources	<u>184,712</u>	<u>32,709</u>	<u>217,421</u>
NET POSITION			
Net investment in capital assets	22,399,303	5,764,139	28,163,442
Restricted for:			
Debt service	-	869,856	869,856
Capital projects	1,868,090	-	1,868,090
Unrestricted	6,153,513	2,736,004	8,889,517
Total net position	<u>\$ 30,420,906</u>	<u>\$ 9,369,999</u>	<u>\$ 39,790,905</u>

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

CITY OF GROVETOWN, GEORGIA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018

		Program Revenues			Net (Expenses) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government							
Functions/Programs							
Governmental activities:							
General government	\$ 2,557,050	\$ 61,069	\$ -	\$ 1,420,898	\$ (1,075,083)	\$ -	\$ (1,075,083)
Judicial	88,056	228,883	-	-	140,827	-	140,827
Public safety	2,542,552	19,253	-	-	(2,523,299)	-	(2,523,299)
Public works	2,572,066	1,031,355	57,808	2,184,425	701,522	-	701,522
Culture and recreation	459,807	57,699	33,261	-	(368,847)	-	(368,847)
Housing and development	292,103	387,138	-	-	95,035	-	95,035
Debt service	15,834	-	-	-	(15,834)	-	-
Total governmental activities	8,527,468	1,785,397	91,069	3,605,323	(3,045,679)	-	(3,029,845)
Business-type activities							
Water and sewer	4,038,218	4,331,635	-	50,000	-	343,417	343,417
Stormwater	275,246	264,614	-	-	-	(10,632)	(10,632)
Total business-type activities	4,313,464	4,596,249	-	50,000	-	332,785	332,785
	<u>\$ 12,840,932</u>	<u>\$ 6,381,646</u>	<u>\$ 91,069</u>	<u>\$ 3,655,323</u>	<u>(3,045,679)</u>	<u>332,785</u>	<u>(2,712,894)</u>
General revenues:							
Property taxes					2,339,271	-	2,339,271
Sales taxes					2,384,198	-	2,384,198
Selective taxes					1,472,595	-	1,472,595
Franchise and business taxes					470,737	-	470,737
Unrestricted investment earnings					14,180	8,810	22,990
Gain on the sale of capital assets					15,094	-	15,094
Miscellaneous					-	500,000	500,000
Total general revenues					6,696,075	508,810	7,204,885
Transfers					(243,752)	243,752	-
Total general revenues and transfers					6,452,323	752,562	7,204,885
Change in net position					3,406,644	1,085,347	4,491,991
Net position, beginning of year					27,014,262	8,284,652	35,298,914
Net position, end of year					<u>\$ 30,420,906</u>	<u>\$ 9,369,999</u>	<u>\$ 39,790,905</u>

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

CITY OF GROVETOWN, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2018

	General Fund	SPLOST 2017-2022	Non-major Governmental Activities	Total Governmental Funds
ASSETS				
Cash and investments	\$ 6,456,937	\$ 825,071	\$ 934,880	\$ 8,216,888
Receivables	398,599	117,709	18,420	534,728
Prepaid expenses	69,637	-	-	69,637
Due from other funds	17,589	-	-	17,589
Total assets	<u>\$ 6,942,762</u>	<u>\$ 942,780</u>	<u>\$ 953,300</u>	<u>\$ 8,838,842</u>
LIABILITIES				
Accounts payable	\$ 236,440	\$ 19,513	\$ 7,031	\$ 262,984
Due to other funds	9,261	-	1,446	10,707
Accrued liabilities	35,155	-	-	35,155
Total liabilities	<u>280,856</u>	<u>19,513</u>	<u>8,477</u>	<u>308,846</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues - property taxes	46,842	-	-	46,842
Unavailable revenues - business licenses	20,325	-	-	20,325
Customer deposits	22,591	-	-	22,591
Total deferred inflows of revenues	<u>89,758</u>	<u>-</u>	<u>-</u>	<u>89,758</u>
FUND BALANCES				
Nonspendable	69,637	-	-	69,637
Restricted	-	923,267	944,823	1,868,090
Unassigned	6,502,511	-	-	6,502,511
Total fund balances	<u>6,572,148</u>	<u>923,267</u>	<u>944,823</u>	<u>8,440,238</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 6,942,762</u>	<u>\$ 942,780</u>	<u>\$ 953,300</u>	<u>\$ 8,838,842</u>

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

CITY OF GROVETOWN, GEORGIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2018

Total fund balances - governmental funds	\$ 8,440,238
Amounts reported for governmental activities in the statement of net position are different because:	
Net capital assets used in governmental activities are not current financial resources and therefore are not reported as assets in the funds	22,501,205
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds	
Deferred outflows of resources related to pensions	158,242
Deferred inflows of resources related to pensions	(184,712)
	<u>(26,470)</u>
Certain other long-term assets are not available to pay current period expenditures and therefore are not reported in the Governmental Funds Balance Sheet, but are reported in the governmental activities of the Statement of Net Position	89,758
Certain liabilities, which are not due and payable in the current period, are therefore, not reported in the funds	
Capital leases	(101,902)
Net pension liability	(361,168)
Compensated absences	(120,755)
	<u>(583,825)</u>
Net position of governmental activities in the Statement of Net Position	<u><u>\$ 30,420,906</u></u>

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

CITY OF GROVETOWN, GEORGIA
GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2018

	General Fund	SPLOST 2017-2022	Non-major Governmental Activities	Total Governmental Funds
REVENUES				
Taxes	\$ 6,638,351	\$ -	\$ -	\$ 6,638,351
Licenses and permits	387,138	-	-	387,138
Intergovernmental	33,261	1,213,519	203,986	1,450,766
Charges for services	1,227,184	-	-	1,227,184
Fines and forfeitures	228,883	-	-	228,883
Investment earnings	14,180	1,682	1,711	17,573
	<u>8,528,997</u>	<u>1,215,201</u>	<u>205,697</u>	<u>9,949,895</u>
Total revenues				
EXPENDITURES				
Current:				
General government	2,452,970	36,396	-	2,489,366
Judicial	88,727	-	-	88,727
Public safety	2,270,626	155,341	959	2,426,926
Public works	1,748,388	432,334	391	2,181,113
Culture and recreation	408,691	134,017	-	542,708
Housing and development	295,460	-	-	295,460
Capital outlay	-	142,599	81,421	224,020
Debt Service				
Principal	-	271,253	17,438	288,691
Interest	-	13,697	2,137	15,834
	<u>7,264,862</u>	<u>1,185,637</u>	<u>102,346</u>	<u>8,552,845</u>
Total expenditures				
Excess of revenues over expenditures	<u>1,264,135</u>	<u>29,564</u>	<u>103,351</u>	<u>1,397,050</u>
OTHER FINANCING SOURCES				
Transfer out	(101,153)	-	-	(101,153)
Proceeds from sales of capital assets	15,094	-	-	15,094
	<u>1,178,076</u>	<u>29,564</u>	<u>103,351</u>	<u>1,310,991</u>
Net changes in fund balances				
Fund balances - beginning	<u>5,394,072</u>	<u>893,703</u>	<u>841,472</u>	<u>7,129,247</u>
Fund balances - ending	<u>\$ 6,572,148</u>	<u>\$ 923,267</u>	<u>\$ 944,823</u>	<u>\$ 8,440,238</u>

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

CITY OF GROVETOWN, GEORGIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018

Net change in fund balances - governmental funds	\$ 1,310,991
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expenses for the period

Current year capital asset additions	\$ 775,646	
Contributions of assets to general government	2,184,425	
Depreciation expense	<u>(1,240,581)</u>	
		1,719,490

Governmental funds defer all tax revenues not collected within 60 days of year end.

However, the statement of activities uses the accrual method of accounting and, thus, the entire amount is recognized, regardless of the collection date. This is the amount by which the prior year unearned revenue is less than the current year unearned revenue.	28,450
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The issuance of long-term debt (e.g., capital leases) provides current financial resources to governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term related accounts.

Principal payments on capital leases	\$ 288,691	
Compensated absences	<u>(65)</u>	
		288,626

In the fund financials, contributions to pension plans are expensed when paid. In the statement of activities pension expense is recognized for the change in the City's proportionate share of the collective net pension liability and related deferred inflows/outflows.	<u>59,087</u>
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Change in net position of governmental activities	<u><u>\$ 3,406,644</u></u>
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CITY OF GROVETOWN, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED DECEMBER 31, 2018

	<u>Budgeted Amounts</u>			<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Revenues				
Taxes	\$ 5,811,700	\$ 6,122,700	\$ 6,638,351	\$ 515,651
Licenses and permits	203,000	203,000	387,138	184,138
Charges for services	983,700	983,700	1,227,184	243,484
Fines and forfeitures	150,000	150,000	228,883	78,883
Investment earnings	6,000	6,000	14,180	8,180
Surplus property sales	1,000	1,000	15,094	14,094
Use of fund balance	-	-	-	-
Total revenues	<u>7,155,400</u>	<u>7,466,400</u>	<u>8,544,091</u>	<u>1,077,691</u>
Expenditures				
General government	2,411,743	2,567,743	2,452,970	114,773
Judicial	99,987	99,987	88,727	11,260
Public safety	2,274,712	2,274,712	2,270,626	4,086
Public works	1,690,858	1,830,858	1,748,388	82,470
Culture and recreation	397,399	397,399	408,691	(11,292)
Housing and development	280,701	295,701	295,460	241
Total expenditures	<u>7,155,400</u>	<u>7,466,400</u>	<u>7,264,862</u>	<u>201,538</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>1,279,229</u>	<u>1,279,229</u>
Nonoperating revenues (expenses)				
Transfers out	-	-	(101,153)	(38,035)
Total nonoperating revenues (expenses)	-	-	(101,153)	(38,035)
Net changes in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>1,178,076</u>	<u>\$ 1,241,194</u>
Fund balances - beginning of year			<u>5,394,072</u>	
Fund balances - end of year			<u>\$ 6,572,148</u>	

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

CITY OF GROVETOWN, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - SPLOST 2017-2022
YEAR ENDED DECEMBER 31, 2018

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Revenues				
Intergovernmental	\$ 886,000	\$ 886,000	\$ 1,213,519	\$ 327,519
Investment earnings	150	150	1,682	1,532
Use of fund balance	<u>305,595</u>	<u>305,595</u>	<u>-</u>	<u>(305,595)</u>
Total revenues	<u>1,191,745</u>	<u>1,191,745</u>	<u>1,215,201</u>	<u>23,456</u>
Expenditures				
Capital outlay	1,191,745	1,191,745	900,687	291,058
Debt service				
Principal	-	-	271,253	(271,253)
Interest	<u>-</u>	<u>-</u>	<u>13,697</u>	<u>(13,697)</u>
Total expenditures	<u>1,191,745</u>	<u>1,191,745</u>	<u>1,185,637</u>	<u>6,108</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>29,564</u>	<u>29,564</u>
OTHER FINANCING SOURCES (USES)				
Transfer to water and sewer fund for capital purchases	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>29,564</u>	<u>\$ 29,564</u>
Fund balances - beginning of year			<u>893,703</u>	
Fund balances - end of year			<u>\$ 923,267</u>	

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

CITY OF GROVETOWN, GEORGIA
STATEMENT OF FUND NET POSITION
ENTERPRISE FUNDS
DECEMBER 31, 2018

	Water & Sewer Fund	Stormwater Fund	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 3,837,395	\$ 356,075	\$ 4,193,470
Receivables	283,223	21,939	305,162
Due from other funds	39,261	-	39,261
Prepaid items	10,520	-	10,520
Total current assets	<u>4,170,399</u>	<u>378,014</u>	<u>4,548,413</u>
Noncurrent assets			
Restricted cash	535,304	-	535,304
Due from other funds	322,000	-	322,000
Capital assets:			
Non-depreciable assets	16,638,860	-	16,638,860
Depreciable assets,			
net of accumulated depreciation	<u>6,065,984</u>	<u>40,004</u>	<u>6,105,988</u>
Total non-current assets	<u>23,562,148</u>	<u>40,004</u>	<u>23,602,152</u>
Total assets	<u>27,732,547</u>	<u>418,018</u>	<u>28,150,565</u>
DEFERRED OUTFLOWS OF RESOURCES			
Contributions to pension plan	17,325	-	17,325
Pension investment return	6,022	-	6,022
Total deferred outflows of resources	<u>23,347</u>	<u>-</u>	<u>23,347</u>
LIABILITIES			
Current liabilities			
Accounts payable	1,247,289	6,872	1,254,161
Due to other funds	13,572	32,571	46,143
Payable from restricted assets:			
Accrued interest	37,520	-	37,520
Customer deposits	45,305	-	45,305
Current portion of compensated absences	18,322	2,093	20,415
Current portion of bonds, notes, and loans payable	297,032	-	297,032
Total current liabilities	<u>1,659,040</u>	<u>41,536</u>	<u>1,700,576</u>
Non-current liabilities			
Compensated absences	994	-	994
Due to other funds	-	322,000	322,000
Net pension liability	63,957	-	63,957
Bonds, notes, and loans payable	16,683,677	-	16,683,677
Total non-current liabilities	<u>16,748,628</u>	<u>322,000</u>	<u>17,070,628</u>
Total liabilities	<u>18,407,668</u>	<u>363,536</u>	<u>18,771,204</u>
DEFERRED INFLOWS OF RESOURCES			
Pension investment return	17,439	-	17,439
Pension experience differences	15,270	-	15,270
Total deferred inflows of resources	<u>32,709</u>	<u>-</u>	<u>32,709</u>
NET POSITION			
Net investment in capital assets	5,724,135	40,004	5,764,139
Restricted for debt service	869,856	-	869,856
Unrestricted	2,721,526	14,478	2,736,004
Total net position	<u>\$ 9,315,517</u>	<u>\$ 54,482</u>	<u>\$ 9,369,999</u>

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

CITY OF GROVETOWN, GEORGIA
STATEMENTS OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
ENTERPRISE FUNDS
YEAR ENDED DECEMBER 31, 2018

	Water & Sewer Fund	Stormwater Fund	Total
Operating revenues			
Water sales	\$ 1,953,184	\$ -	\$ 1,953,184
Sewer sales	1,331,859	-	1,331,859
Water and wastewater tap fees	473,944	-	473,944
Stormwater fees	-	264,614	264,614
Late fees	111,057	-	111,057
Other	461,591	-	461,591
Total operating revenue	<u>4,331,635</u>	<u>264,614</u>	<u>4,596,249</u>
Operating expenses			
Salaries and benefits	597,215	110,448	707,663
Professional fees	243,339	27,131	270,470
Technical Services	16,493	-	16,493
Testing and training	14,191	150	14,341
Vehicle expense	26,181	81,905	108,086
Insurance and pension cost	196,896	28,923	225,819
Utilities	76,005	-	76,005
Maintenance and repair	362,580	-	362,580
Postage and supplies	55,800	8,363	64,163
Miscellaneous	34,084	221	34,305
County water and sewerage	1,256,745	-	1,256,745
Small equipment	-	5,246	5,246
Bad Debt	4,000	4,339	8,339
Depreciation	392,251	8,520	400,771
Total operating expenses	<u>3,275,780</u>	<u>275,246</u>	<u>3,551,026</u>
Operating income	<u>1,055,855</u>	<u>(10,632)</u>	<u>1,045,223</u>
Nonoperating revenues (expenses)			
Investment income	8,140	670	8,810
Interest expense	(55,469)	-	(55,469)
Non-operating Revenue - Insurance Recovery	500,000	-	500,000
Non-operating Expense - Lawsuit Settlement	(706,969)	-	(706,969)
Total non-operating revenues (expenses)	<u>(254,298)</u>	<u>670</u>	<u>(253,628)</u>
Transfers in	38,035	63,118	101,153
Capital contribution from SPLOST	142,599	-	142,599
Capital contribution - loan forgiveness	50,000	-	50,000
Change in net position	1,032,191	53,156	1,085,347
Net position, beginning of year	<u>8,283,326</u>	<u>1,326</u>	<u>8,284,652</u>
Net position, end of year	<u><u>\$ 9,315,517</u></u>	<u><u>\$ 54,482</u></u>	<u><u>\$ 9,369,999</u></u>

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

CITY OF GROVETOWN, GEORGIA
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
YEAR ENDED DECEMBER 31, 2018

	Water & Sewer Fund	Stormwater Fund	Total
Cash flows from operating activities			
Cash received from customers	\$ 5,033,616	\$ 275,529	\$ 5,309,145
Cash payments to suppliers for goods and services	(1,238,190)	(215,509)	(1,453,699)
Cash payments to employees for services	(790,318)	(111,543)	(901,861)
Insurance claim	500,000		500,000
Net cash from operating activities	<u>3,505,108</u>	<u>(51,523)</u>	<u>3,453,585</u>
Cash flows from capital and related financing activities			
Transfers in from other funds	38,035	63,118	101,153
Acquisition and construction of capital assets	(1,070,644)	(44,066)	(1,114,710)
Principal payments on debt	(200,886)	-	(200,886)
Interest payments on debt	(55,469)	-	(55,469)
Net cash from capital and related financing activities	<u>(1,288,964)</u>	<u>19,052</u>	<u>(1,269,912)</u>
Cash flows from investing activities			
Interest earned on cash and investments	8,140	670	8,810
Net cash from investing activities	<u>8,140</u>	<u>670</u>	<u>8,810</u>
Change in cash and cash equivalents	2,224,284	(31,801)	2,192,483
Cash and cash equivalents, beginning of year	<u>2,148,415</u>	<u>387,876</u>	<u>2,536,291</u>
Cash and cash equivalents, end of year	<u>\$ 4,372,699</u>	<u>\$ 356,075</u>	<u>\$ 4,728,774</u>
Reconciliation of operating income to net cash provided by (used) in operating activities			
Operating income	\$ 1,055,855	\$ (10,632)	\$ 1,045,223
Adjustments to reconcile operating income net cash provided by (used) in operating activities:			
Depreciation	392,251	8,520	400,771
Net change in assets and liabilities			
Other and accounts receivable	1,207,534	10,915	1,218,449
Prepaid items	(3,187)	-	(3,187)
Amounts due from other funds	1,675	-	1,675
Accounts payable and accrued liabilities	844,802	(3,946)	840,856
Customer deposits	(7,228)	-	(7,228)
Net pension changes and deferred inflows/outflows related to pension activity	3,049	-	3,049
Compensated absences	744	(1,095)	(351)
Accrued interest	32,880	-	32,880
Due to other funds	(23,267)	(55,285)	(78,552)
Net cash provided by (used) in operating activities	<u>\$ 3,505,108</u>	<u>\$ (51,523)</u>	<u>\$ 3,453,585</u>
Non-cash transactions			
The city had a non-cash transaction relating to GEFA forgiveness of debt	\$ 50,000	\$ -	\$ 50,000
Net capital assets transferred in from governmental funds	142,599	-	142,599
Capital assets added on account	(2,081,393)	-	(2,081,393)
Capital assets added with issuance of debt	12,087,737	-	12,087,737
Reconciliation of cash and cash equivalents			
Cash and cash equivalents	3,837,395	356,075	4,193,470
Non-current restricted cash and cash equivalents	535,304	-	535,304
	<u>\$ 4,372,699</u>	<u>\$ 356,075</u>	<u>\$ 4,728,774</u>

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

CITY OF GROVETOWN, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

Note 1 - Summary of significant accounting policies

The accounting and reporting policies of the City of Grovetown, Georgia (the “City”) reflected in the accompanying financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments.

A. Financial reporting entity - basis of presentation

Primary Government - The City was created in 1881. The City provides public safety, streets and highways, public improvements, culture and recreation, planning and development, and general and administrative services to its population. The accompanying financial statements present the City’s primary government, for which the City is financially accountable. Additionally, the City is not financially accountable for any component units.

B. Government-wide and fund financial statements

The *government-wide financial statements* include the statement of net position and the statement of activities. Government-wide financial statements report information on all the activities of the City. The effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund financial statements if applicable. Governmental activities are supported mainly by taxes and intergovernmental revenues.

The statement of activities reflects the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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 and 2) grants and contributions that are restricted to meeting the operational capital requirements of a function or segment. Taxes and other items not properly included in program revenues are reported as general revenues.

Separate *fund financial statements* are provided for governmental funds and proprietary funds. Each major fund is reported in separate columns in the fund financial statements. The combined amounts for these are reflected in a single column in the fund balance sheet and the fund statement of revenues, expenditures, and changes in fund balance.

C. Measurement focus, basis of accounting, and financial statement presentation

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing and related cash flows. Property taxes are recognized as revenue as soon as all eligibility requirements have been met. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

CITY OF GROVETOWN, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

Note 1 - Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

Governmental fund level financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current fiscal period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenue to be available if it is collected within 60 days of the end of the current fiscal period. Major revenue sources that are susceptible to accrual are property taxes, sales taxes, insurance premium taxes, and intergovernmental revenue. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

The City reports the following major governmental funds:

The *General Fund* is the general operating fund of the City and is always classified as a major fund. The General Fund is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include property taxes, charges for services, intergovernmental revenues and investment of idle funds. Primary expenditures are for general administration, public safety, public works, streets, recreation and capital acquisitions.

The *Special Purpose Local Option Sales Tax (SPLOST) 2017-2022* Fund is used to account for monies received from intergovernmental revenues (i.e. special purpose local option sales taxes) for various City projects. The fund is classified as a major fund.

Proprietary Fund Financial Statements are used to account for activities which are similar to those often found in the private sector. The measurement focus is upon determination of net income, financial position, and cash flows.

Proprietary funds are accounted for using the accrual basis of accounting as follows:

Revenues are recognized when earned, and expenses are recognized when the liabilities are incurred. On the proprietary funds financial statements, operating revenues are those that flow directly from the operations of the activity, i.e. charges to customers or users who purchase or use the goods or services of that activity. Operating expenses are those that are incurred to provide the goods or services. Non-operating revenues and expenses are items such as investment income and interest expenses that are not a result of the direct operations of the activity.

CITY OF GROVETOWN, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

Note 1 - Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

The City reports the following proprietary funds:

Water and Sewer Fund to account for water and sewer operations as well as construction and maintenance of water and sewerage projects.

Stormwater Fund to account for the City's stormwater operations and related capital projects.

D. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance

a. Cash, cash equivalents and investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less. State statutes and the City's official investment policy authorize the City to invest in obligations of the U.S. Treasury, commercial paper, repurchase agreements, banker's acceptances, money market mutual funds and direct obligations of the State of Georgia.

The City records investments at fair market value in accordance with GAAP. All investment income is recognized as revenue in the appropriate fund's statement of activity of revenues, expenditures and changes in fund balance.

b. Receivables and payables

Property tax receivables and revenues for property taxes are reflected on the government-wide statement based on the full accrual method of accounting. Property tax receivables for prior year's levy are shown net of an allowance for uncollectible accounts.

Accounts receivable from other governments include amounts due from grantors for approved grants for specific programs and reimbursements for services performed by the City. Program grants are recorded as receivables and revenues at the time all eligibility requirements established by the provider have been met. Reimbursements for services performed are recorded as receivables and revenues when they are earned in the government-wide statements. Included are billable services for certain contracts. Revenues received in advance of the costs being incurred are recorded as deferred revenue in the fund statements. Receivables are shown net of an allowance for uncollectible accounts.

CITY OF GROVETOWN, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

Note 1 - Summary of significant accounting policies (continued)

D. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance (continued)

c. Deferred outflows/inflows of resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time.

In addition to liabilities, the balance sheet of the governmental funds reports a separate section for deferred inflows of resources. The separate financial statement element, deferred inflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

d. Inventories and prepaid expenses

Inventories of the General and Proprietary Funds are accounted for as expenditures at the time of purchase. Expenditures for insurance and similar services extending over more than one accounting period are allocated between accounting periods. Reported prepaid expenses are equally offset by a nonspendable fund balance reserve.

e. Capital assets - primary government

Capital assets, which include land, buildings and infrastructure assets (e.g., roads and bridges), are reported in the government-wide financial statements. Capital assets such as vehicles, furniture and equipment are defined as assets with a cost of \$5,000 or more. Computers and weapons, regardless of cost, are included as capital assets. Infrastructure assets include City-owned roads, curbs, sidewalks and drainage. Capital assets are recorded at historical costs if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

CITY OF GROVETOWN, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

Note 1 - Summary of significant accounting policies (continued)

D. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance (continued)

e. Capital assets - primary government (continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets, except for infrastructure, are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40-50
Improvements	10-40
Infrastructure	25-50
Furniture and Fixtures	5-7
General Equipment	5-10
Vehicles	4-7
Computer Hardware	3-5

f. Compensated absences and post-retirement benefits

The vacation policy of the City provides for the accumulation of up to a certain amount of earned vacation leave with such leave being fully vested when earned. For the City's government-wide financial statements and proprietary fund financial statements, an expense and a liability for compensated absences and the salary-related payments are recorded when leave is earned.

The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements. No accrual has been established for accumulated sick leave of employees since it is the City's policy to record the cost of sick leave only when it is used.

g. Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position.

h. Unemployment compensation benefits

The City is the reimbursing employer for unemployment compensation benefits. Reimbursements are made based on regular billings received from the Georgia Unemployment Commission.

CITY OF GROVETOWN, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

Note 1 - Summary of significant accounting policies (continued)

D. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance (continued)

i. Net position

Net position represents the difference between assets, deferred outflows, deferred inflows and liabilities. Net position invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted as described in the fund balance section below.

j. Fund balance

In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

Nonspendable - Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The City has the following non-spendable fund balances:

- General fund - \$69,637 in prepaid items.

Restricted - Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The City has the following restricted fund balances:

- SPLOST 2017-2022 Fund - \$923,267 externally imposed by laws or regulations of other governments for capital projects.
- Other non-major governmental activities - \$944,823 externally imposed by laws or regulations of other governments. Of this amount \$934,858 is for capital projects and \$9,965 is for public safety.

CITY OF GROVETOWN, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

Note 1 - Summary of significant accounting policies (continued)

D. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance (continued)

j. Fund balance (continued)

Committed - Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council through the adoption of resolution. Only the City Council may modify or rescind the commitment.

Assigned - Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the City Council has authorized the City's Finance Committee or the City's Finance Director to assign fund balances.

Unassigned - Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds. The City has \$6,502,511 in unassigned general fund balance.

The flow assumption for the classification of fund balances are as follows: The City considers an expenditure to be made from the most restrictive first when more than one classification is available. The City would typically use the restricted first, followed by committed resources, and the assigned resources, as appropriate opportunities arrive, but reserve the right to selectively spend unassigned resources first to defer the use of these other classified funds.

k. Use of estimates

The preparation of basic financial statements in conformance with GAAP requires management to make estimates and assumptions that effect the amounts reported in the basic financial statements and accompanying notes. Actual results may differ from those estimates.

CITY OF GROVETOWN, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

Note 1 - Summary of significant accounting policies (continued)

E. Stewardship, compliance, and accountability budgetary information

During the year preceding the budget year, the City follows the below administrative and fiscal procedures in establishing the budgetary data reflected in the accompanying financial statements of the General Fund:

In October, the City Administrator and other department heads prepare a tentative budget to be given to the Mayor for review. After the review is completed, the City publishes notice of a public hearing on the proposed budget. The hearing is held a week from the date the notice is published. After the public hearing has been held, the budget is voted on and approved at the first City Council meeting in December. Changes in and amendments to the adopted budget are approved during the year, if reserves are available to fund these modifications.

The accompanying statement of revenues, expenditures, and changes in fund balances, budget and actual, for the General Fund, presents a comparison of the legally adopted budget with actual operating results on a budgetary basis. The City's budget is prepared using GAAP. Encumbrance accounting, under which purchase orders and contracts are recorded to reserve that portion of the applicable appropriation, is not used by the City.

For the year ended December 31, 2018, expenditures exceed appropriations as follows:

<u>Fund of Department</u>	<u>Excess</u>
General Fund	
Culture and recreation	\$11,292

This over-expenditure was funded by available fund balance. The City will continue to monitor budget versus actual expenditures monthly. When proposed expenditures appear that they will exceed the budget, the City will obtain approval from the City Council for those expenditures.

Note 2 - Deposits, investments and investment policies

Deposits - Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to the City. It is the City's policy for cash to be 100% secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insured Corporation insurance. At December 31, 2018, the carrying amount of the City's deposits was \$13,347,630 and is classified as cash and cash equivalents and restricted cash in the accompanying statement of net position. At December 31, 2018, \$12,597,890 of the City's approximate \$13,347,890 bank balance was exposed to custodial credit risk as follows:

Collateral held by pledging bank's trust department not in the City's name	\$12,597,890
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CITY OF GROVETOWN, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

Note 2 - Deposits, investments and investment policies (continued)

Investments - The City had the following investments:

	<u>Maturities</u>	<u>Fair Value</u>
Primary Government		
Certificates of Deposit	Average of 180 days	\$ 1,828,437
Water and Sewer Fund		
Certificate of Deposit	Average of 180 days	\$ 147,236

The City has investments subject to its control and jurisdiction in certificates of deposit of banks which have deposits insured by the Federal Deposit Insurance Corporation, and other legal investments.

The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Current management limits investments to maturities of one year or less.

Note 3 - Receivables

Property tax receivables - The Columbia County Tax Commissioner bills and collects property taxes, then remits the City its respective share of property taxes. Property taxes for 2018 were levied on August 15, 2018 and were due November 15, 2018. Thirty (30) days after the due date, the unpaid taxes became a lien. Unpaid property taxes received within 60 day of the year end are recognized and recorded as revenue.

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied prior to November 15, and are delinquent after that date.

Intergovernmental receivables - The City receives approximately 11% of a 1% local option sales tax on all retail sales within the County. The proceeds of such tax collected each year are used to reduce, on a dollar for dollar basis, the millage equivalent amount of property taxes to be levied in the subsequent year. Local option sales tax received during the year ended December 31, 2018 amounted to \$2,384,198.

The City also receives approximately 5.8% of 1% (SPLOST) funds, Special Purpose Local Option Sales Tax, to be used as designated and approved after public hearings. The approved expenditures are generally for capital projects in the City. The SPLOST 2017-2022 fund received \$1,213,519 during the year ended December 31, 2018.

CITY OF GROVETOWN, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

Note 3 - Receivables (continued)

Receivables as of year-end for the governmental activities and business-type activities, individual major governmental funds, including the applicable allowances for uncollectible accounts, as required by GAAP are as follows:

	Governmental Activities	Business-type Activities	Total
Taxes	\$ 57,085	\$ -	\$ 57,085
Intergovernmental	346,651	-	346,651
Accounts	131,792	316,162	447,954
Gross receivables	535,528	316,162	851,690
Less allowance for uncollectible accounts	(800)	(11,000)	(11,800)
Total receivables, net	<u>\$ 534,728</u>	<u>\$ 305,162</u>	<u>\$ 839,890</u>

Note 4 - Capital assets

Changes in capital assets for governmental activities are as follows:

	Beginning Balance	Increases	Transfers	Decreases	Ending Balance
Governmental activities:					
<i>Non-depreciable assets:</i>					
Land	\$ 2,955,076	\$ 12,000	\$ -	\$ -	\$ 2,967,076
Construction in progress	-	5,638	-	-	5,638
	<u>2,955,076</u>	<u>17,638</u>	<u>-</u>	<u>-</u>	<u>2,972,714</u>
<i>Depreciable assets:</i>					
Infrastructure	23,741,452	2,184,425	-	-	25,925,877
Buildings and improvements	7,995,396	37,786	-	-	8,033,182
Vehicles and equipment	4,785,626	862,821	(142,599)	-	5,505,848
Utility systems	168,270	-	-	-	168,270
	<u>36,690,744</u>	<u>3,085,032</u>	<u>(142,599)</u>	<u>-</u>	<u>39,633,177</u>
<i>Accumulated depreciation:</i>					
Infrastructure	(12,744,648)	(616,390)	-	-	(13,361,038)
Buildings and improvements	(2,401,647)	(195,172)	-	-	(2,596,819)
Vehicles and equipment	(3,708,983)	(426,178)	-	-	(4,135,161)
Utility systems	(8,827)	(2,841)	-	-	(11,668)
	<u>(18,864,105)</u>	<u>(1,240,581)</u>	<u>-</u>	<u>-</u>	<u>(20,104,686)</u>
Total capital assets being depreciated, net	<u>17,826,639</u>	<u>1,844,451</u>	<u>(142,599)</u>	<u>-</u>	<u>19,528,491</u>
Total Governmental Activities	<u>\$ 20,781,715</u>	<u>\$ 1,862,089</u>	<u>\$ (142,599)</u>	<u>\$ -</u>	<u>\$ 22,501,205</u>

CITY OF GROVETOWN, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

Note 4 - Capital assets (continued)

Assets with an initial cost of \$5,000 or more and an estimated useful life of more than two years are capitalized.

Depreciation expense for the year ended December 31, 2018 was charged to functions/programs of the primary government as follows:

Governmental activities:

General government	\$ 89,235
Public safety	379,635
Public works	642,065
Recreation	<u>129,646</u>
Total depreciation expense	<u><u>\$ 1,240,581</u></u>

A summary of changes in capital assets for business-type activities are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Transfers</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:					
<i>Non-depreciable assets:</i>					
Land	\$ 309,450	\$ 12,000	\$ -	\$ -	\$ 321,450
CIP	<u>6,162,367</u>	<u>10,155,043</u>	<u>-</u>	<u>-</u>	<u>16,317,410</u>
	<u>6,471,817</u>	<u>10,167,043</u>	<u>-</u>	<u>-</u>	<u>16,638,860</u>
<i>Depreciable assets:</i>					
Vehicles	312,552	35,273	142,599	-	490,424
Machinery and equipment	694,368	24,102	-	-	718,470
Utility systems	<u>11,586,950</u>	<u>894,636</u>	<u>-</u>	<u>-</u>	<u>12,481,586</u>
	<u>12,593,870</u>	<u>954,011</u>	<u>142,599</u>	<u>-</u>	<u>13,690,480</u>
<i>Accumulated depreciation:</i>					
Vehicles	(272,788)	(26,810)	-	-	(299,598)
Machinery and equipment	(336,522)	(72,293)	-	-	(408,815)
Utility systems	<u>(6,574,411)</u>	<u>(301,668)</u>	<u>-</u>	<u>-</u>	<u>(6,876,079)</u>
	<u>(7,183,721)</u>	<u>(400,771)</u>	<u>-</u>	<u>-</u>	<u>(7,584,492)</u>
Total capital assets being depreciated, net	<u>5,410,149</u>	<u>553,240</u>	<u>142,599</u>	<u>-</u>	<u>6,105,988</u>
Total business-type activities	<u><u>\$ 11,881,966</u></u>	<u><u>\$ 10,720,283</u></u>	<u><u>\$ 142,599</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 22,744,848</u></u>

CITY OF GROVETOWN, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

Note 5 - Capital lease obligations

The City has entered into several long-term lease agreements for machinery and equipment and vehicles. Although the leases contain clauses which provide that the leases are cancelable if funds are not appropriated for periodic payments for any future fiscal periods, the leases meet the criteria of a capital lease as defined by the National Council on Governmental Accounting Statement No. 5, *Accounting and Financial Reporting Principles for Lease Agreements of State and Local Governments*. The following is an analysis of the capital assets leases under capital leases as of December 31, 2018:

	Governmental Funds
Machinery and equipment	\$ 307,000
Vehicles	240,970
	<u>547,970</u>
Accumulated depreciation	<u>(430,309)</u>
Carry value	<u><u>\$ 117,661</u></u>

The City reported \$147,680 of depreciation expense related to the above capital leases as of December 31, 2018.

The following is a schedule of the future minimum lease payments under capital leases and the present value of the net minimum lease payments as of December 31, 2018:

Year Ending December 31,	Governmental Funds
<u>2019</u>	<u>\$ 101,902</u>

Note 6 - Long-term debt

Debt under governmental activities consist of the following for the year ended December 31, 2018:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Compensated absences	\$ 120,690	\$ 115,766	\$ (115,701)	\$ 120,755	\$ 31,983
Leases payable	390,593	-	(288,691)	101,902	101,902
Net Pension Liability	543,405	72,167	(254,404)	361,168	-
	<u>\$ 1,054,688</u>	<u>\$ 187,933</u>	<u>\$ (658,796)</u>	<u>\$ 583,825</u>	<u>\$ 133,885</u>

CITY OF GROVETOWN, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

Note 6 - Long-term debt (continued)

Debt under business-type activities consists of the following for the year ended December 31, 2018:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Water and Sewer refunding bond	\$ 405,000	\$ -	\$ (130,000)	\$ 275,000	\$ 135,000
GEFA Note	1,112,579	-	(67,372)	1,045,207	69,421
GEFA Note - forgiven portion	700,000	-	(50,000)	650,000	50,000
GEFA Note - Euchee Creek	417,848	47,073	(3,514)	461,407	42,611
GEFA Note - WWTP	2,508,431	12,040,664	-	14,549,095	-
Compensated absences	21,760	24,222	(24,573)	21,409	20,415
Net Pension Liability	85,479	38,963	(60,485)	63,957	-
	<u>\$ 5,251,097</u>	<u>\$ 12,150,922</u>	<u>\$ (335,944)</u>	<u>\$ 17,066,075</u>	<u>\$ 317,447</u>

A summary of notes payable as of December 31, 2018 follows:

On July 21, 2005, the City of Grovetown, Georgia and Wachovia Bank issued Water & Sewerage Revenue Refunding Bonds Series 2005 in the amount of \$1,660,000. The purpose of the Series 2005 Bond was to pay the cost, in whole or in part, (a) of the City's outstanding Water & Sewerage Revenue Bond, Series 1987 (b) fully funding a debt service reserve for payment of the Series 2005 Bond, and (c) paying the fees and expenses relating to the issue of the Series 2005 Bond. The interest rate is 3.64% per annum and consists of 15 payments. Interest expense during 2018 was \$14,742.

Principal and interest payments are as follows:

Year Ending December 31,	Principal	Interest	Total Payment
2019	\$ 135,000	\$ 10,010	\$ 145,010
2020	140,000	5,096	145,096
Total	<u>\$ 275,000</u>	<u>\$ 15,106</u>	<u>\$ 290,106</u>

In 2009, the City of Grovetown signed a \$2,500,000 note payable contract along with \$1,000,000 principal forgiveness as part of the American Reinvestment Recovery Act. This funding is to help finance the water system improvements. Payments of \$8,319 are made monthly on the \$1,500,000 unforgiven portion with interest. The interest rate is 3.00% per annum and interest expense during 2018 was \$32,456.

CITY OF GROVETOWN, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

Note 6 - Long-term debt (continued)

Principal and interest payments are as follows:

Year Ending December 31,	Principal	Interest	Total Payment
2019	\$ 69,421	\$ 30,407	\$ 99,828
2020	71,532	28,296	99,828
2021	73,708	26,120	99,828
2022	75,950	23,878	99,828
2023	78,259	21,568	99,827
2024-2028	428,486	70,652	499,138
2029-2031	247,851	10,037	257,888
Total	<u>\$ 1,045,207</u>	<u>\$ 210,958</u>	<u>\$ 1,256,165</u>

The notes are expected to be paid with resources of the proprietary funds and thus are reported as liabilities of those funds.

The \$1,000,000 forgiven portion is amortized over the life of the existing note and is considered only as a long-term liability. No interest is accrued. Principal forgiveness is as follows:

Year Ending December 31,	Principal	Interest	Total
2019	\$ 50,000	\$ -	\$ 50,000
2020	50,000	-	50,000
2021	50,000	-	50,000
2022	50,000	-	50,000
2023	50,000	-	50,000
2024-2028	250,000	-	250,000
2029-2031	150,000	-	150,000
Total	<u>\$ 650,000</u>	<u>\$ -</u>	<u>\$ 650,000</u>

On December 16, 2016, the City of Grovetown signed a loan agreement with the Georgia Environmental Finance Authority. The agreement allows funding not to exceed \$468,000. The loan became fully disbursed in March of 2018 with payments beginning December 2018. Payments of \$4,265 are made monthly with interest. The interest rate is 1.94% per annum. Interest expense during 2018 was \$8,709.

CITY OF GROVETOWN, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

Note 6 - Long-term debt (continued)

Principal and interest payments are as follows:

Year Ending December 31,	Principal	Interest	Total Payment
2019	\$ 42,611	\$ 8,574	\$ 51,185
2020	43,445	7,740	51,185
2021	44,296	6,889	51,185
2022	45,163	6,022	51,185
2023	46,046	5,138	51,184
2024-2028	239,846	11,814	251,660
Total	<u>\$ 461,407</u>	<u>\$ 46,177</u>	<u>\$ 507,584</u>

In 2017, the City of Grovetown signed a \$23,224,100 note payable contract. This funding is to help construct a new waste water treatment plant. Payments are expected to begin September 2019. The interest rate is 2.72% per annum on outstanding principal balance. Interest expense during 2018 was \$241,187. The outstanding principal balance at December 31, 2018 was \$14,549,095.

Note 7 - Interfund receivables/transfers

Interfund receivable and payable balances as of December 31, 2018, are as follows:

Receivable Fund	Payable Fund	Amount
Water and Sewer Fund	General Fund	\$ 9,261
Water and Sewer Fund	Stormwater Fund	352,000
General Fund	Water and Sewer Fund	13,572
General Fund	Stormwater Fund	2,571
General Fund	T-SPLOST	1,446

Interfund transfers that occurred during the year ended December 31, 2018, were as follows:

Transfer in	Transfer out	Total
Water and Sewer Fund	General Fund	\$ 38,035
Stormwater Fund	General Fund	63,118

Interfund receivables and payables result from timing differences related to charges for services or reimbursable expenses. The City expects to repay these interfund balances between the Water and Sewer Fund and the General Fund within one year. Approximately \$30,000 of the interfund balance between the Water and Sewer Fund and the Stormwater Fund is considered current and due within one year.

CITY OF GROVETOWN, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

Note 8 - Risk management

The City carries property and liability insurance through commercial insurance companies. Annual premiums are based on the amount of coverage and policy deductibles requested by the City.

Risk Pool - 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 has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency (GIRMA) for property and liability insurance and the Worker's Compensation Self-Insurance Fund (WCSIF), public entity risk pools currently operating as common risk management and insurance programs for member local governments. The Georgia Municipal Association (GMA) administers both risk pools.

As part of their agreement, the City must assist and cooperate in the defense and settlement of claims against the City. The City must furnish full cooperation to the pools' claims adjusters, and any agent or independent contractor of the pools. In addition, the City must report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay claim for loss or injuries to municipal property or injuries to persons or property when such loss or injury is within the scope of the protection of a Fund or Funds in which the City participates.

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 funds are to pay all costs taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

As of December 31, 2018, there were no significant reductions in insurance coverage from the prior year, and there have been no settlements that exceed the City's insurance coverage.

Note 9 - Pension plan

Plan description - The City Council approved the adoption of a retirement plan May 11, 1987 and contributes to the Georgia Municipal Employees Benefit System (GMEBS) Pension Plan ("Plan"), an agent multiple employer defined contribution pension plan that acts as a common investment and administrative agent for cities in the state of Georgia. All full-time City employees are eligible to participate in the Plan after one year of service. Benefits vest after ten years of service. City employees may retire at age 55 under the early retirement provisions if they have completed ten years of service. Normal retirement is at age 65. Benefits are payable for life in an amount of covered compensation plus 2% of Participant Final Average Earnings, multiplied by years of service. The plan also provides death and disability benefits. These benefit provisions and all other requirements are established by the GMEBS Pension Trust and Adoption Agreement executed by the City. The GMEBS issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. That report may be obtained by writing to GMEBS, 201 Pryor Street, SW, Atlanta, Georgia 30303.

**CITY OF GROVETOWN, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

Note 9 - Pension plan (continued)

Plan membership - As of July 1, 2018, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	22
Inactive plan members entitled to, but not receiving benefits	19
Active vested plan members	31
Active nonvested plan members	<u>68</u>
Total plan membership	<u>140</u>

Contributions - City employees are not required to contribute to the Plan. The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The City funds the required minimum contributions. The Board of Trustees of GMEBS has adopted a recommended actuarial funding policy for the Plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the Plan. The funding policy for the Plan is to contribute an amount equal to or greater than the actuarially-recommended contribution rate. This rate is based on the estimated amount necessary to finance the costs of benefits earned by the Plan members during the year, with an additional amount to finance any unfunded accrued liability. For the year ended December 31, 2018, the City's contribution rate was 4.01% of annual payroll. City contributions to the Plan were \$165,999 for the year ended December 31, 2018.

Net pension liability - The City's net pension liability was measured as of March 31, 2018, which would make it applicable to the fiscal year beginning January 1, 2018 and ending December 31, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018.

Actuarial assumptions - The mortality and economic actuarial assumptions used in the July 1, 2018 valuation were approved GMEBS Board of Trustees in December 2014 based on the results of an actuarial experience study for the period January 1, 2010 through June 30, 2014. The total pension liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Net investment rate of return	7.50%
Projected salary increases	2.75%
Cost of living adjustment	0.00%

Mortality rates for the valuation period were based on the RP-2000 Mortality Tables with sex-distinct rates, set forward two years for males and one year for females. The RP-2000 mortality tables were determined to contain sufficient provision appropriate to reasonably reflect future mortality improvement, based on a four-year review of mortality experience for the period January 1, 2010 to June 30, 2014. Mortality experience will be reviewed periodically and updated if necessary.

CITY OF GROVETOWN, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

Note 9 - Pension plan (continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by target asset allocation percentage and by adding expected inflation. Best estimates are arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of March 31, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	45%	6.71%
International equity	20%	7.71%
Real estate	10%	5.21%
Global fixed income	5%	3.36%
Domestic fixed income	20%	2.11%
Total	100%	

Discount rate - The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to actuarially determine contribution rates assumed that City contributions will be made at rates equal to the actuarial determined 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 the projected benefit payments to determine the total pension liability.

The following presents the net pension liability of the City, 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 year.

The City's net pension liability as calculated at the discount rates noted above are as follows:

1%decrease (6.50%)	\$ 953,642
Current rate (7.50%)	\$ 425,125
1% increase (8.50%)	\$ (11,390)

CITY OF GROVETOWN, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

Note 9 - Pension plan (continued)

Changes in net pension liability - The changes in the components of the net pension liability for the City for the year ended December 31, 2018 were as follows:

	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 03/31/2017	\$ 3,503,047	\$ 2,874,163	\$ 628,884
Changes for the year:			
Service cost	134,248	-	134,248
Interest	267,376	-	267,376
Differences between expected and actual experience	(154,227)	-	(154,227)
Contributions - employer	-	165,999	(165,999)
Contributions - employee	-	-	-
Net investment income	-	356,789	(356,789)
Benefit payments, including refunds of employee contributions	(106,069)	(106,069)	-
Administrative expense	-	(15,627)	15,627
Other	56,005	-	56,005
Net changes	<u>197,333</u>	<u>401,092</u>	<u>(203,759)</u>
Balances at 03/31/2018	<u>\$ 3,700,380</u>	<u>\$ 3,275,255</u>	<u>\$ 425,125</u>

The required schedule of changes in the City's net pension liability and related ratios in the required supplementary information section presents multiyear trend information about whether the value of plan assets are increasing or decreasing over time relative to the total pension liability.

CITY OF GROVETOWN, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

Note 9 - Pension plan (continued)

Pension expense and deferred outflows/inflows of resources related to pensions - For the year ended December 31, 2018, the City recognized pension expense of \$188,745. At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 49,715	\$ (151,216)
Changes of assumptions	48,006	(7,976)
Net difference between projected and actual earnings on pension plan investments	-	(115,920)
City contributions subsequent to the measurement date	<u>141,559</u>	<u>-</u>
Total	<u>\$ 239,280</u>	<u>\$ (275,112)</u>

City contributions subsequent to the measurement date of \$141,559 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	
2019	\$ (33,672)
2020	(25,180)
2021	(61,254)
2022	(36,682)
2023	(6,572)
2024 and thereafter	<u>(14,031)</u>
Total	<u>\$ (177,391)</u>

CITY OF GROVETOWN, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

Note 10 - Joint venture

The City, in conjunction with other cities and counties located in the thirteen-county east central Georgia area, is a member of the CSRA Regional Commission and is required to pay annual dues thereto. Membership in a regional commission is required by the Official Code of Georgia Annotated (O.C.G.A.) Section 50-8-34, which provides for the organizational structure of regional commissions in Georgia. The regional commission board membership includes the chief official of each county and municipality of the area. O.C.G.A. Section 50-8-39.1 provides that member governments are liable for any debts or obligations of the regional commission. Separate financial statements may be obtained from:

CSRA Regional Commission
3626 Walton Way Extension, Suite 300
Augusta, GA 30909

Note 11 - Landfill post closure costs

The City contracts with Advanced Disposal, Inc. to dispose of its solid waste materials. During prior years, the City maintained a landfill; however, it has been closed for several years. The State of Georgia requires the City to perform certain maintenance and monitoring functions at the closed landfill and to make periodic reports to the appropriate agencies. The estimated liability for post closure cost is undeterminable; however, the City believes the maintenance cost is not material. Increases or decreases in cost due to inflation or deflation, changes in technology, changes to post closure care requirements, and changes in the extent of environmental remediation required by law may cause changes in the post closure care cost. If at such time that the post closure care cost is determined, a liability will be recorded and the appropriate disclosure will be reflected in the financial statements. Maintenance costs related to post closure care during the year ended December 31, 2018 equaled \$142,406.

Note 12 - Commitments

Significant commitments at December 31, 2018 are composed of the following:

	<u>Project Authorization</u>	<u>Expended through December 31, 2018</u>	<u>Commitment</u>
Water Water Treatment Plant	\$ 23,224,100	\$ 14,549,095	\$ 8,675,005

The City has entered into an agreement for the future operations and maintenance of a new Waste Water Treatment Plant for the purpose of redirecting all waste water in the City to the new plant. The agreement is between: the City, Turnipseed Engineers and the Georgia Environmental Finance Authority (GEFA). Turnipseed Engineers is responsible for the design and construction of the plant. The City will be responsible for the operations of the plant once it becomes active. Its anticipated completion date is September 2019. The City entered into contract for financing with GEFA in January 2017 for the financing of the project. GEFA has required the City to pledge the use of the City's revenue raising power (including its taxing power) as security for the payments to be made and the obligations required to be performed under the loan agreement.

CITY OF GROVETOWN, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

Note 13 - Contingencies

The City is a defendant in various lawsuits. In the opinion of the City's management and the City Attorney, the ultimate effect of these matters will not have a material adverse effect on the financial condition of the City.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF GROVETOWN, GEORGIA
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
DECEMBER 31, 2018

Total pension liability	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Service cost	\$ 134,248	\$ 102,435	\$ 104,989	\$ 97,394
Interest on total pension liability	267,376	243,896	223,160	209,994
Differences between expected and actual experience	(154,227)	52,211	21,736	(38,044)
Change of assumptions	56,005	-	-	-
Benefit payments	(106,069)	(85,090)	(79,540)	(87,480)
Other	-	-	-	(15,955)
Net change in total pension liability	197,333	313,452	270,345	165,909
 Total pension liability - beginning	 <u>3,503,047</u>	 <u>3,189,595</u>	 <u>2,919,250</u>	 <u>2,753,341</u>
Total pension liability - ending (1)	<u>\$3,700,380</u>	<u>\$3,503,047</u>	<u>\$3,189,595</u>	<u>\$2,919,250</u>
 Plan fiduciary net position				
Employer contributions	\$ 165,999	\$ 159,439	\$ 176,599	\$ 132,112
Net investment income	356,789	318,644	9,111	210,926
Benefit payments	(106,069)	(85,090)	(79,540)	(87,480)
Administrative expense	(15,627)	(15,797)	(11,170)	(10,094)
Net change in fiduciary net position	401,092	377,196	95,000	245,464
 Plan fiduciary net position - beginning	 <u>2,874,163</u>	 <u>2,496,967</u>	 <u>2,401,967</u>	 <u>2,156,503</u>
Plan fiduciary net position - ending (2)	<u>\$3,275,255</u>	<u>\$2,874,163</u>	<u>\$2,496,967</u>	<u>\$2,401,967</u>
 Net pension liability (1) - (2)	 425,125	 628,884	 692,628	 517,283
 Plan fiduciary net position as a % of total pension liability	 88.51%	 82.05%	 78.28%	 82.28%
 Covered-employee payroll	 3,611,731	 3,627,002	 3,121,305	 2,930,135
 City's net pension liability as a % of covered payroll	 11.77%	 17.34%	 22.19%	 17.65%

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

CITY OF GROVETOWN, GEORGIA
SCHEDULE OF EMPLOYER'S CONTRIBUTIONS
DECEMBER 31, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 188,745	\$ 158,417	\$ 159,780	\$ 163,985
Contributions in relation to the actuarially determined contribution	<u>(165,999)</u>	<u>(145,329)</u>	<u>(146,465)</u>	<u>(187,270)</u>
Contribution deficiency (excess)	<u>\$ 22,746</u>	<u>\$ 13,088</u>	<u>\$ 13,315</u>	<u>\$ (23,285)</u>
 Covered-employee payroll	 3,611,731	 3,627,002	 3,121,305	 2,930,135
 Contributions as a % of covered-employee payroll	 4.60%	 4.01%	 4.69%	 6.39%

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

CITY OF GROVETOWN, GEORGIA
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
DECEMBER 31, 2018

	City's proportion of the net pension liability	City's proportionate share of the net pension liability	City's covered employee payroll	City's proportionate share of the net pension liability as a percentage of covered payroll	Plan fiduciary net position as a percent of the total pension liability
12/31/2018	11.49%	\$ 425,125	\$ 3,611,731	11.77%	88.51%
12/31/2017	17.95%	628,884	3,627,002	17.34%	82.05%
12/31/2016	21.72%	692,628	3,121,305	22.19%	78.28%
12/31/2015	17.72%	517,283	2,930,135	17.65%	82.28%

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

CITY OF GROVETOWN, GEORGIA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2018

Note 1 - Methods and assumptions used in calculations of actuarially determined contributions

The actuarially determined contribution rates in the schedule of contributions are calculated as of July 1 of the year prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial Cost Method	Projected Unit Credit
Amortization Method	Closed level dollar for the remaining unfunded liability
Remaining amortization period of 10 years	Varies for the bases, with a net effective amortization period
Asset valuation method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at the end of the year. The actuarial value is adjusted, if necessary, to be within 20% of market value.

Actuarial assumptions:

Net investment rate of return	7.50%
Projected salary increases	2.75% plus service based merit increases
Cost of living adjustments	0.00%

Note 2 - Changes in methods and assumptions

Because of the new administrative fee structure, the administrative expense assumption changed as follows:

	<u>Current</u>	<u>Prior</u>
Base fee	\$6,500	\$5,000
Per active and terminated vested participant	\$54	\$50
Per retiree and beneficiary	\$66	\$50
Percentage of the market value of assets	0.06%	0.05%

Based on the results of an actuarial study in September 2017, the following assumptions were changed in this valuation:

- The investment return assumption was reduced from 7.75% to 7.50%

CITY OF GROVETOWN, GEORGIA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2018

Note 2 - Changes in methods and assumptions (continued)

- The inflation assumption was reduced from 3.25% to 2.75%
- The Social Security wage base increase assumption was reduced from 3.25% to 2.75% (if applicable).
- The salary increase rates were reduced by 0.50% for all years of service consistent with the reduction in the inflation assumption.

There were no other changes in methods or assumptions.

COMBINING FUND STATEMENTS

**CITY OF GROVETOWN, GEORGIA
COMBINED BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2018**

	Special Revenue Funds		Capital Project Funds	
	Police Seizure Fund	SPLOST 2011-2016	Transportation SPLOST	Total
Assets				
Cash and investments	\$ 9,965	\$ 246,304	\$ 678,611	\$ 934,880
Accounts receivable	-	-	18,420	18,420
Total assets	<u>\$ 9,965</u>	<u>\$ 246,304</u>	<u>\$ 697,031</u>	<u>\$ 953,300</u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ 7,031	\$ 7,031
Due to General fund	-	-	1,446	1,446
Total liabilities	<u>-</u>	<u>-</u>	<u>8,477</u>	<u>8,477</u>
Fund balances				
Restricted	9,965	246,304	688,554	944,823
Total fund balances	<u>9,965</u>	<u>246,304</u>	<u>688,554</u>	<u>944,823</u>
Total liabilities and fund balances	<u>\$ 9,965</u>	<u>\$ 246,304</u>	<u>\$ 697,031</u>	<u>\$ 953,300</u>

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

CITY OF GROVETOWN, GEORGIA
COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2018

	Special Revenue Funds		Capital Project Fund	
	Police Seizure Fund	SPLOST 2011-2016	Transportation SPLOST	Total
Revenues				
Intergovernmental	\$ 5,476	\$ -	\$ 198,510	\$ 203,986
Investment earnings	-	477	1,234	1,711
Total revenues	<u>5,476</u>	<u>477</u>	<u>199,744</u>	<u>205,697</u>
Expenditures				
Current:				
Public safety	959	-	-	959
Capital outlay	1,350	-	80,071	81,421
Public works	-	391	-	391
Debt Service				
Principal	-	17,438	-	17,438
Interest	-	2,137	-	2,137
Total expenditures	<u>2,309</u>	<u>19,966</u>	<u>80,071</u>	<u>102,346</u>
Excess of revenues over expenditures	<u>3,167</u>	<u>(19,489)</u>	<u>119,673</u>	<u>103,351</u>
Net changes in fund balance	<u>3,167</u>	<u>(19,489)</u>	<u>119,673</u>	<u>103,351</u>
Fund balances - beginning	<u>6,798</u>	<u>265,793</u>	<u>568,881</u>	<u>841,472</u>
Fund balances - ending	<u>\$ 9,965</u>	<u>\$ 246,304</u>	<u>\$ 688,554</u>	<u>\$ 944,823</u>

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

COMPLIANCE SECTION



**INDEPENDENT AUDITORS' 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, Members of City Council
and City Administrator
City of Grovetown, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Grovetown, Georgia, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City of Grovetown, Georgia's basic financial statements and have issued our report thereon dated June 14, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Grovetown, 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 Grovetown, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Grovetown, 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Grovetown, Georgia'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Serotta Maddocks Evans & Co.
SEROTTA MADDOCKS EVANS & CO., CPAs

Augusta, Georgia
June 14, 2019

CITY OF GROVETOWN, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2018

A. Summary of Audit Results

1. The auditors' report expresses an unmodified opinion on whether the financial statements of the City of Grovetown, Georgia were prepared in accordance with accounting principles generally accepted in the United States of America.
2. No significant deficiencies or material weaknesses in internal control were disclosed by the audit of the financial statements.
3. The audit did not disclose any noncompliance that is material to the financial statements.

B. Findings - Financial Statement Audit

None

CITY OF GROVETOWN, GEORGIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2018

A. Prior Year Findings and Questioned Costs - Financial Statement Audit

Material Weakness:

2017-001: Lack of internal controls over identifying and recording capital assets

Condition: The City did not have all new assets added to the general ledger.

Recommendation: To improve operating efficiency and internal control, management should establish policies and procedures to identify and record all assets owned by the City. As the City grows, it would be prudent to incorporate a capital asset tracking software system.

Status: No similar findings were noted in 2018.

2017-002: Lack of internal controls over identifying and recording accounts payable

Condition: The City did not have all accounts payable recorded in the general ledger.

Recommendation: To improve operating efficiency and internal control, management should establish policies and procedures to identify and record all payables of the City.

Status: No similar findings were noted in 2018.

Significant Deficiency:

2017-003: Issuance of audited financial statements within six months of the City's fiscal year end

Condition: The City did not issue audited financial statements within six months of its fiscal year end.

Status: No similar findings were noted in 2018.

STATE REPORTING SECTION

CITY OF GROVETOWN, GEORGIA
SCHEDULE OF PROJECT EXPENDITURES WITH
SALES TAX PROCEEDS (2011-2016)
YEAR ENDED DECEMBER 31, 2018

Project	Original Estimated Cost	Prior Year	Current Year	To Date	Percentage of completion
Tier I					
Public works equipment, vehicles and heavy equipment	\$ 1,000,000	\$ 1,024,743	\$ 391	\$ 1,025,134	102.51%
Public safety vehicles, fire station, & equipment	1,762,466	2,231,309	-	2,231,309	126.60%
City facilities					
Renovations/expansions	1,600,000	2,274,658	-	2,274,658	142.17%
Security system	100,000	4,039	-	4,039	4.04%
Water & sewer					
Water & sewer improvements	2,000,000	1,470,298	-	1,470,298	73.51%
Equipment	200,000	-	-	-	0.00%
Computers - all departments	50,000	63,427	-	63,427	126.85%
Transportation	400,000	222,366	-	222,366	55.59%
Recreation					
Park improvements	1,200,000	785,281	-	785,281	65.44%
Total - Tier I	\$ 8,312,466	\$ 8,076,121	\$ 391	\$ 8,076,512	97.16%
Tier II					
City facilities:					
Renovations/expansions	\$ 800,000	\$ 42,161	\$ -	\$ 42,161	5.27%
Public safety:					
Vehicles	725,000	-	19,575	19,575	2.70%
Public works:					
Equipment	300,000	-	-	-	0.00%
Recreation					
Park improvements	419,422	-	-	-	0.00%
Walking trail improvements	200,000	133,752	-	133,752	66.88%
Water & sewer					
Improvements & equipment	400,000	-	-	-	0.00%
Total - Tier II	\$ 2,844,422	\$ 175,913	\$ 19,575	\$ 195,488	6.87%
Tier III					
Museum/media center/land	\$ 1,831,340	\$ -	\$ -	\$ -	0.00%
Total - Tier III	\$ 1,831,340	\$ -	\$ -	\$ -	0.00%
Grand Total	\$ 12,988,228	\$ 8,252,034	\$ 19,966	\$ 8,272,000	63.69%

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

CITY OF GROVETOWN, GEORGIA
SCHEDULE OF PROJECT EXPENDITURES WITH
SALES TAX PROCEEDS (2017-2022)
YEAR ENDED DECEMBER 31, 2018

Project	Original Estimated Cost	Prior Year	Current Year	To Date	Percentage of completion
Tier I					
Public works equipment, vehicles and heavy equipment	\$ 1,200,000	\$ 67,145	\$ 432,334	\$ 499,479	41.62%
Public safety vehicles, fire engine, & turnout gear	1,100,000	-	\$ 440,291	440,291	40.03%
City facilities Renovations/expansions	610,104	-	-	-	0.00%
Water & sewer Water & sewer improvements	1,000,000	-	-	-	0.00%
Communications/computers	400,000	39,853	36,396	76,249	19.06%
Transportation	1,000,000	-	-	-	0.00%
Recreation	1,000,000	-	134,017	134,017	13.40%
Total - Tier I	\$ 6,310,104	\$ 106,998	\$ 1,043,038	\$ 1,150,036	18.23%
Tier II					
City facilities: Renovations/expansions	\$ 200,000	\$ -	\$ -	\$ -	0.00%
Public safety: Vehicles	200,000	-	-	-	0.00%
Public works: Vehicles	250,000	-	-	-	0.00%
Computers	50,000	-	-	-	0.00%
Stormwater Equipment	51,684	-	-	-	0.00%
Water & sewer Improvements	300,000	-	-	-	0.00%
Total - Tier II	\$ 1,051,684	\$ -	\$ -	\$ -	0.00%
Tier III					
Public works: Vehicles	\$ 350,000	\$ -	\$ -	\$ -	0.00%
Public safety: Vehicles	550,000	-	-	-	0.00%
Computers/file server/software	100,000	-	-	-	0.00%
City facilities: Renovations/expansions	501,684	-	-	-	0.00%
Total - Tier III	\$ 1,501,684	\$ -	\$ -	\$ -	0.00%
Grand Total	\$ 8,863,472	\$ 106,998	\$ 1,043,038	\$ 1,150,036	12.98%

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