

CITY OF GREENSBORO, GEORGIA

AUDIT REPORT

**FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2014**

CITY OF GREENSBORO, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Greensboro, Georgia (the "City") as of and for the fiscal year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Greensboro, Georgia, as of September 30, 2014, and the respective changes in financial position, and, where applicable, cash flows, and the respective budgetary comparison for the General Fund thereof and for the fiscal year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 4 through 12 and the Retirement Plan – Schedule of Funding Progress on page 52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining and individual nonmajor fund financial statements and schedules, the schedule of project expenditures with special sales tax proceeds, and the component units financial statements are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United State of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules, the schedule of

project expenditures with special sales tax proceeds, and the component units financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2015 on our consideration of City of Greensboro's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Greensboro, Georgia's internal control over financial reporting and compliance.

Macon, Georgia
September 17, 2015

A handwritten signature in dark ink, appearing to read "Cheryl H. Rine", is positioned to the right of the date and location text.

MANAGEMENT'S DISCUSSION & ANALYSIS

CITY OF GREENSBORO, GEORGIA MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Greensboro Georgia, we present management's analysis of the City's financial condition and activities for the fiscal year ended September 30, 2014. This information should be read and considered in conjunction with the financial statements.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of fiscal year 2014 by \$17,549,287 (total net position). Of this amount, \$2,300,790, (unrestricted net position) was available for use to meet the City's ongoing obligations to its citizens and creditors.
- The City's total net position decreased by \$185,662 during the most recent fiscal year resulting from governmental and business-type activities.
- At the close of fiscal year 2014, the City's governmental funds reported combined ending fund balances of \$1,021,865. This is a decrease of \$151,419 from prior year.
- At the end of the fiscal year, the total fund balance for the general fund was \$73,246. This is a decrease of \$5,714 from the prior year.

Overview of the Financial Statements

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

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

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

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

Both of the government-wide financial statements distinguish between functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from

other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, judicial, public safety, public works, culture and recreation, and housing and development. The business-type activities of the City include water and sewer and natural gas.

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

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

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

The City maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances for the general fund and the SPLOST 2009 fund, which are considered major funds. The data from the six other funds, the nonmajor funds, is aggregated into a single presentation. The individual fund data for each of these nonmajor funds is provided in the form of combining statements on pages 54 through 55.

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

The governmental funds now report the following five categories of fund balance:

- (1) **Nonspendable Fund Balance** - These are amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact. Some examples include prepaid expenses, Cemetery principle.
- (2) **Restricted Fund Balance** - These are amounts that can be spent only for specific purposes stipulated by limitation imposed by creditors, grantors, contributors, laws, regulations, and enabling legislation. These limitations are imposed by entities, laws and regulations external to the organization. Some examples include Confiscated Assets fund, TEA Grant fund, and SPLOST.

- (3) **Committed Fund Balance** – These include amounts that can be used only for the specific purposes determined by a formal action of the City of Greensboro Mayor and Council. The Council approves committed resources through a motion and vote during the voting session of Council meetings.
- (4) **Assigned Fund Balance** – This includes amounts to be used by the government for a specific purpose. These are amounts that do not meet the definition of restricted or committed fund balance. This intent can be expressed by the Mayor and City Council.
- (5) **Unassigned Fund Balance** – These are the funds in excess of the other categories and are available for any purpose.

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

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

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

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. The assets exceeded the liabilities at the close of fiscal year 2014 by \$17,549,287.

The largest component of the City's net position is the net investment in capital assets (e.g. land, buildings, infrastructure, machinery and equipment); less any related debt used to acquire those assets that are still outstanding, which comprises \$13,602,948 or 77.5% of total net position. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City's net investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Greensboro Net Position

	Governmental Activities		Business-Type Activities		Total	
	2013	2014	2013	2014	2013	2014
Assets:						
Current assets	\$ 1,875,478	\$ 1,373,504	\$ 3,137,442	\$ 2,792,700	\$ 5,012,920	\$ 4,166,204
Other assets	29,371	28,806	1,789,964	2,050,855	1,819,335	2,079,661
Capital assets	4,473,856	4,466,627	12,190,408	11,860,496	16,664,264	16,327,123
Total assets	<u>6,378,705</u>	<u>5,868,937</u>	<u>17,117,814</u>	<u>16,704,051</u>	<u>23,496,519</u>	<u>22,572,988</u>
Deferred Outflow of Resources:						
Deferred Charge on refunding	-	-	99,057	82,548	99,057	82,548
Liabilities:						
Current liabilities	203,368	430,584	839,283	857,269	1,042,651	1,287,853
Long-term liabilities	145,086	73,478	4,138,264	3,744,918	4,283,350	3,818,396
Total liabilities	<u>348,454</u>	<u>504,062</u>	<u>4,977,547</u>	<u>4,602,187</u>	<u>5,326,001</u>	<u>5,106,249</u>
Deferred Inflow of Resources:						
Unearned revenue - property taxes	534,626	-	-	-	534,626	-
Net position:						
Net investment in capital assets	4,258,942	4,321,520	9,265,302	9,281,428	13,524,244	13,602,948
Restricted for debt service	-	-	684,142	696,995	684,142	696,995
Restricted for capital outlay	994,547	854,489	971,898	-	1,966,445	854,489
Restricted for other purposes	99,777	94,065	-	-	99,777	94,065
Unrestricted	142,359	94,801	1,317,982	2,205,989	1,460,341	2,300,790
Total net position	<u>\$ 5,495,625</u>	<u>\$ 5,364,875</u>	<u>\$ 12,239,324</u>	<u>\$ 12,184,412</u>	<u>\$ 17,734,949</u>	<u>\$ 17,549,287</u>

An additional portion of the City's net position, \$1,645,549 or 9.38% represents resources that are subject to external restrictions on how they may be used. Of this amount, \$91,606 is restricted for cemetery maintenance, \$2,459 is restricted for law enforcement, and \$854,489 is restricted for capital projects. Another category of this portion of the City's net position is restricted for debt service in the amount of \$696,995; this represents water and sewer reserve accounts set aside as emergency funds for a year's obligation for the City's outstanding water and sewer revenue bonds.

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

City of Greensboro Changes in Net Position

	Governmental		Business-Type		Total	
	Activities		Activities			
	2013	2014	2013	2014	2013	2014
Revenues:						
Program Revenues:						
Charges for services	\$ 166,904	\$ 147,454	\$ 5,909,496	\$ 6,288,377	\$ 6,076,400	\$ 6,435,831
Operating grants/contributions	243,870	288,096	-	-	243,870	288,096
Capital grants/contributions	1,178,343	858,794	164,055	202,522	1,342,398	1,061,316
General Revenues:						
Property taxes	31,033	585,755	-	-	31,033	585,755
Sales tax	668,457	658,799	-	-	668,457	658,799
Franchise tax	344,067	333,559	-	-	344,067	333,559
Insurance premium tax	167,346	173,271	-	-	167,346	173,271
Other tax	311,096	382,350	-	-	311,096	382,350
Investment earnings	1,385	927	757,255	262,396	758,640	263,323
Proceeds from sale of property	-	14,200	-	1,575	-	15,775
Miscellaneous	116,417	28,351	-	-	116,417	28,351
Total revenue	3,228,918	3,471,556	6,830,806	6,754,870	10,059,724	10,226,426
Expenses:						
General Government	485,202	830,207	-	-	485,202	830,207
Judicial	119,626	122,617	-	-	119,626	122,617
Public safety	1,764,956	1,948,988	-	-	1,764,956	1,948,988
Public works	1,018,543	756,469	-	-	1,018,543	756,469
Culture and recreation	213,480	412,386	-	-	213,480	412,386
Housing and development	309,088	369,474	-	-	309,088	369,474
Interest	6,425	4,689	-	-	6,425	4,689
Water and sewer	-	-	1,825,595	1,902,929	1,825,595	1,902,929
Natural gas	-	-	4,392,027	4,064,329	4,392,027	4,064,329
Total expenses	3,917,320	4,444,830	6,217,622	5,967,258	10,134,942	10,412,088
Change in net position before transfers	(688,402)	(973,274)	613,184	787,612	(75,218)	(185,662)
Transfers	746,964	842,524	(746,964)	(842,524)	-	-
Change in net position	58,562	(130,750)	(133,780)	(54,912)	(75,218)	(185,662)
Net Position, beginning	5,437,063	5,495,625	12,373,104	12,239,324	17,810,167	17,734,949
Net Position, ending	<u>\$ 5,495,625</u>	<u>\$ 5,364,875</u>	<u>\$12,239,324</u>	<u>\$12,184,412</u>	<u>\$17,734,949</u>	<u>\$17,549,287</u>

Governmental Activities

Revenues. Sales tax of \$658,799 and franchise tax of \$333,559 accounted for 40.7% of total general revenues.

Operating grants and contributions consisted of the following:

- Public safety – fire protection funds of \$34,467 and student resource officer funds of \$205,533 received from Greene County.
- Public works – Local Maintenance & Improvement Grant funds from Georgia Department of Transportation in the amount of \$37,247.

Capital grants and contributions consisted of the following:

- SPLOST revenue and interest earnings on the SPLOST funds in the amount of \$806,391.
- CDBG grant funds on the Reynolds Street project in the amount of \$36,992
- CDBG grant funds for the water improvements in the amount of \$12,000.

Expenses. The total expense for the governmental activities is \$4,444,830. The largest expenditure is public safety. Public safety includes the police & fire departments. The total public safety expense is \$1,948,988 or 43.85% of total governmental activity expense.

Business-type Activities. The change in net position for the business-type activities was a decrease of \$54,912. However, this includes transfers to governmental funds in the amount of \$842,524.

Revenues. Water and sewer operating revenue was \$1,941,617. Natural gas operating revenue was \$4,346,760. Water and sewer revenue is derived from the sale of water and sewer services to the citizens of the City. Natural gas revenue is derived from the sale of natural gas to the citizens of the City.

Expenses. Water and sewer operating expense was \$1,790,427. Natural gas operating expense was \$3,774,204.

Financial Analysis of the City of Greensboro's Funds

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$1,021,865. The general fund is the chief operating fund of the City.

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

Unrestricted net position of the Water and Sewer Fund at September 30, 2014 amounted to \$426,371; those of the Natural Gas Fund amounted to \$1,779,618. The total change in Water and Sewer net position was an increase of \$74,422 the Water and Sewer fund had a net income of \$40,227 before contributions and transfers. The Natural Gas fund's net position decreased by \$129,334; However, the Natural Gas fund had a net income of \$643,836 before contributions and transfers.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were relatively minor. There were increases to the budget in some General fund departments offset by decreases to the budget in other General fund departments.

During the year, actual revenues were more than budgetary estimates by \$32,214 and actual expenditures were less than budgetary estimates by \$ 66,323.

Capital Assets and Debt Administration

Capital Assets. The City's capital asset balance for its governmental and business-type activities as of September 30, 2014 amounts to \$16,327,123 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, infrastructure, building, equipment and vehicles.

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

Governmental-type activities:

- The Police Department purchased vehicles which totaled \$81,487.
- The Street Department purchased a street sweeper for a cost of \$46,500.
- The City continued the I-20 Corridor project. During 2014 fiscal year, \$28,617 was spent on this project.
- The City continued the Reynolds Drive project. During fiscal year 2014, \$47,916 was spent on this project.
- The City continued the Mill Street Storm Sewer Project. During fiscal year 2014, \$32,726 was spent on this project.

Business-type activities:

- The City continued various improvements to the Water & Sewer System totaling \$59,004 during fiscal year 2014.
- The Water fund completed the 7th Street Sanitary Sewer project which totaled \$37,899.
- Equipment was purchased for the Water fund totaling \$10,463.
- The Gas fund completed improvements to gas system at Horizon Growers in the amount of \$43,790.

City of Greensboro
Capital Assets
(Net of Accumulated Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>
Land	\$ 1,191,843	\$ 1,191,843	\$ 394,874	\$ 394,874	\$ 1,586,717	\$ 1,586,717
Construction in progress	676,001	785,260	82,233	135,426	758,234	920,686
Building	953,254	926,199	9,639,870	9,629,439	10,593,124	10,555,638
Infrastructure	1,047,373	970,231	1,420,094	1,154,870	2,467,467	2,125,101
Machinery & equipment	182,272	134,627	631,291	527,696	813,563	662,323
Furniture & fixtures	3,064	2,170	-	-	3,064	2,170
Vehicles	420,049	456,297	22,046	18,191	442,095	474,488
Total	\$ 4,473,856	\$ 4,466,627	\$ 12,190,408	\$ 11,860,496	\$ 16,664,264	\$ 16,327,123

Long-term Debt. At the end of the current fiscal year, the City had total outstanding revenue bond and loan indebtedness in the amount of \$4,283,371. Water and Sewerage Revenue Bonds account for \$1,582,050. The water and sewerage revenue bonds represent bonds secured solely by a pledge of and a lien on the net revenues of the Water & Sewer System. The City issued Combined Utility Revenue Refunding & Improvement Bonds, Series 2013. These bonds are reported as a liability in the Gas Fund. The outstanding balance of these bonds was \$ 1,559,196 at year end. There is a note payable to GEFA in the Water Sewer Fund of \$997,016. There is a capital lease to finance the purchase of a fire truck. The outstanding balance of this capital lease was \$145,107 at year end.

City of Greensboro Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>
Revenue Bonds	\$ -	\$ -	\$ 3,470,013	\$ 3,141,246	\$ 3,470,013	\$ 3,141,246
Notes Payable	-	-	1,053,054	997,016	1,053,054	997,016
Capital Lease Obligations	214,914	145,107	-	-	214,914	145,107
Total	214,914	145,107	4,523,067	4,138,262	4,737,981	4,283,369

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

Economic Factors and Budgeting Considerations

The valuations used in the tax digest to administer the ad valorem taxes have stabilized for now. The City will continue to cut back on specific budget items while using furloughs and part-time labor to cut costs into the foreseeable future. The City has hired only two full time employees to replace those separated by attrition in the last years.

The City is reacting to the decreased property valuations by holding the budget tight and limiting it's expenditures and projects. Any new projects are precipitated by grants or SPLOST funds, and not from the general fund or enterprise funds.

Requests for Information

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

FINANCIAL STATEMENTS

CITY OF GREENSBORO, GEORGIA

STATEMENT OF NET POSITION
SEPTEMBER 30, 2014

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Better Hometown	Downtown Development Authority
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ 883,306	\$ 819	\$ 884,125	\$ 19,324	\$ 20,104
Certificate of deposit	109,298	831,370	940,668	-	-
Restricted cash and cash equivalents:					
Cash and cash equivalents	-	765,939	765,939	-	-
Certificate of deposit	-	530,489	530,489	-	-
Receivables, net of allowance					
Taxes	20,592	-	20,592	-	-
Accounts	25,151	667,435	692,586	-	-
Intergovernmental	257,547	-	257,547	1,144	5,000
Internal balances	33,895	(33,895)	-	-	-
Prepays	43,715	30,543	74,258	-	-
Total current assets	1,373,504	2,792,700	4,166,204	20,468	25,104
Noncurrent assets:					
Other assets	28,806	-	28,806		
Investment-joint venture	-	2,050,855	2,050,855	-	-
Capital assets					
Nondepreciable	1,977,103	530,301	2,507,404	-	50,000
Depreciable, net of accumulated depreciation	2,489,524	11,330,195	13,819,719	-	1,917,816
Total noncurrent assets	4,495,433	13,911,351	18,406,784	-	1,967,816
Total Assets	5,868,937	16,704,051	22,572,988	20,468	1,992,920
DEFERRED OUTFLOW OF RESOURCES					
Deferred charge on refunding	-	82,548	82,548	-	-
LIABILITIES					
Bank overdraft	136,000	-	136,000	-	-
Accounts payable	170,921	415,425	586,346	4,428	-
Accrued expenses	25,853	7,333	33,186	-	-
Customer deposits	-	29,240	29,240	-	-
Due to primary government	-	-	-	-	1,144
Noncurrent liabilities					
Due within one year	97,810	404,036	501,846	-	-
Due in more than one year	73,478	3,746,153	3,819,631	-	-
Total Liabilities	504,062	4,602,187	5,106,249	4,428	1,144
NET POSITION					
Net investment in capital assets	4,321,520	9,281,428	13,602,948	-	1,809,841
Restricted for					
Debt service	-	696,995	696,995	-	-
Cemetery maintenance	91,606	-	91,606	-	-
Law enforcement	2,459	-	2,459	-	-
Capital outlay	854,489	-	854,489		
Unrestricted	94,801	2,205,989	2,300,790	16,040	181,935
Total Net Position	\$ 5,364,875	\$ 12,184,412	\$ 17,549,287	\$ 16,040	\$ 1,991,776

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

CITY OF GREENSBORO, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

Functions/Programs	Net (Expense) Revenue and Changes in Net Position						Component Units	
	Program Revenues			Primary Government			Better Hometown	Downtown Development Authority
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities		
Primary Government:								
Governmental Activities								
General government	\$ 830,207	\$ 146,104	\$ 10,849	\$ 3,411	\$ (669,843)	\$ -	\$ -	\$ (669,843)
Judicial	122,617	-	-	-	(122,617)	-	-	-
Public safety	1,948,988	1,350	240,000	-	(1,707,638)	-	-	(1,707,638)
Public works	756,469	-	37,247	855,383	136,161	-	-	136,161
Culture and recreation	412,386	-	-	-	(412,386)	-	-	(412,386)
Housing and development	369,474	-	-	-	(369,474)	-	-	-
Interest on long-term debt	4,689	-	-	-	(4,689)	-	-	-
Total governmental activities	4,444,830	147,454	288,096	858,794	(3,150,486)	-	-	(2,653,706)
Business-Type Activities								
Water & Sewer	1,902,929	1,941,617	-	103,549	-	142,237	-	142,237
Gas System	4,064,329	4,346,760	-	98,973	-	381,404	-	381,404
Total business-type activities	5,967,258	6,288,377	-	202,522	-	523,641	-	523,641
Total Primary Government	\$ 10,412,088	\$ 6,435,831	\$ 288,096	\$ 1,061,316	(3,150,486)	\$ 523,641		(2,130,065)
Component Units:								
Better Hometown	\$ 78,169	\$ -	\$ 79,003	\$ -	-	-	\$ 834	\$ -
Downtown Development Authority	64,508	-	173,644	16,442	-	-	-	125,578
Total Component Units	\$ 142,677	\$ -	\$ 252,647	\$ 16,442	-	-	834	125,578
General Revenues								
Property tax					585,755	-	-	585,755
Sales tax					658,799	-	-	658,799
Franchise tax					333,559	-	-	333,559
Other tax					555,621	-	-	555,621
Investment earnings					927	262,396	-	263,323
Proceeds from sale of property					14,200	1,575	8	15,775
Miscellaneous					28,351	-	-	28,351
Total General Revenues					2,177,212	263,971	8	2,441,183
Transfers					842,524	(842,524)	-	-
Total General Revenues and Transfers					3,019,736	(578,553)	8	2,441,183
Change in Net Position					(130,750)	(54,912)	842	125,581
Net Position - Beginning of year					5,495,625	12,239,324	15,198	1,866,195
Net Position - End of year					\$ 5,364,875	\$ 12,184,412	\$ 16,040	\$ 1,991,776

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

CITY OF GREENSBORO, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014

	General Fund	SPLOST 2009	Non-Major Governmental Funds	Total Governmental Funds
<u>ASSETS</u>				
Cash and cash equivalent	\$ 109,228	\$ 582,909	\$ 191,169	\$ 883,306
Certificates of deposit	30,620	-	78,678	109,298
Receivables, net of allowance				
Taxes	20,592	-	-	20,592
Accounts	19,892	-	5,259	25,151
Intergovernmental	78,580	140,875	38,092	257,547
Due from other funds	115,549	171,665	9,128	296,342
Prepays	43,715	-	-	43,715
Total Assets	<u>\$ 418,176</u>	<u>\$ 895,449</u>	<u>\$ 322,326</u>	<u>\$ 1,635,951</u>
<u>LIABILITIES</u>				
Bank overdraft	\$ 136,000	\$ -	\$ -	\$ 136,000
Accounts payable	73,132	40,960	56,829	170,921
Accrued expenses	25,853	-	-	25,853
Due to other funds	91,080	-	171,367	262,447
Total Liabilities	<u>326,065</u>	<u>40,960</u>	<u>228,196</u>	<u>595,221</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable revenue - property taxes	18,865	-	-	18,865
Total Deferred Inflows of Resources	<u>18,865</u>	<u>-</u>	<u>-</u>	<u>18,865</u>
<u>FUND BALANCES</u>				
Nonspendable	43,715	-	-	43,715
Restricted	-	854,489	94,065	948,554
Assigned	-	-	65	65
Unassigned	29,531	-	-	29,531
Total Fund Balances	<u>73,246</u>	<u>854,489</u>	<u>94,130</u>	<u>1,021,865</u>
Total Liabilities, Deferred inflows of Resources and Fund Balances	<u>\$ 418,176</u>	<u>\$ 895,449</u>	<u>\$ 322,326</u>	<u>\$ 1,635,951</u>

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

CITY OF GREENSBORO, GEORGIA

RECONCILIATION OF THE BALANCE SHEET
OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
SEPTEMBER 30, 2014

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

Total Fund Balances - Governmental Funds	\$ 1,021,865
Capital Assets	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Cost of the assets	7,299,504
Accumulated depreciation	(2,832,877)
Net Pension Obligation	
Net pension assets are not financial resources and therefore are not reported in the funds	28,806
Revenues	
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.	18,865
Long-term Liabilities	
Long-term liabilities, including capital lease payable, are not due and payable in the current period and, therefore, are not reported in the funds.	
Capital lease payable	(145,107)
Compensated absences	(26,181)
Total Adjustments	<u>4,343,010</u>
Net Position of Governmental Activities	<u>\$ 5,364,875</u>

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

CITY OF GREENSBORO, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

	General Fund	SPLOST 2009	Non-Major Governmental Funds	Total Governmental Funds
<u>Revenues:</u>				
Taxes				
Property tax	\$ 622,578	\$ -	\$ -	\$ 622,578
Sales tax	658,799	-	-	658,799
Other taxes	828,339	-	60,841	889,180
License and permits	6,169	-	-	6,169
Intergovernmental	288,096	806,391	48,992	1,143,479
Fines & forfeitures	121,687	-	1,350	123,037
Interest earnings	503	3,411	424	4,338
Miscellaneous revenues	32,243	-	14,356	46,599
Total Revenues	2,558,414	809,802	125,963	3,494,179
<u>Expenditures:</u>				
Current:				
General government	505,106	-	24,336	529,442
Judicial	122,617	-	-	122,617
Public safety	1,744,589	-	657	1,745,246
Public works	518,378	-	28,635	547,013
Culture and recreation	165,293	-	21,185	186,478
Housing and development	369,474	-	-	369,474
Capital Outlay	-	846,664	80,892	927,556
Debt Service				
Principal	-	69,807	-	69,807
Interest	-	4,689	-	4,689
Total Expenditures	3,425,457	921,160	155,705	4,502,322
Excess (Deficiency) of Revenues Over (Under) Expenditures	(867,043)	(111,358)	(29,742)	(1,008,143)
<u>Other Financing Sources (Uses):</u>				
Transfers from other funds	858,930	-	60,535	919,465
Transfers to other funds	(11,801)	(28,635)	(36,505)	(76,941)
Proceeds from sale of property	14,200	-	-	14,200
Total other financing sources (uses)	861,329	(28,635)	24,030	856,724
Net change in fund balances	(5,714)	(139,993)	(5,712)	(151,419)
Fund Balance, beginning of year	78,960	994,482	99,842	1,173,284
Fund Balance, end of year	\$ 73,246	\$ 854,489	\$ 94,130	\$ 1,021,865

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

CITY OF GREENSBORO, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

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

Net change in fund balances - total governmental funds	\$ (151,419)
Capital Assets	
Governmental funds report capital outlays as expenditures. However, in the Statement of	
Total capital outlays	237,246
Total depreciation	(244,475)
Net pension asset is not available during the current period and therefore is not reported in the funds.	
Change in net pension assets	(565)
Long-term Debt	
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to	
Principal payments	69,807
Compensated absences	(4,521)
Revenues	
Revenues in the statement of activities that do not provide current financial resources are	
Unavailable revenues decreased by this amount during the year.	(36,823)
Total Adjustments	20,669
Change in Net Position of Governmental Activities	\$ (130,750)

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

CITY OF GREENSBORO, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

	Budget Amounts			Variance with
	Original	Final	Actual	Final Budget
<u>Revenues:</u>				
Taxes				
Property	\$ 568,100	\$ 568,100	\$ 622,578	\$ 54,478
Sales	650,000	650,000	658,799	8,799
Franchise	369,000	369,000	333,559	(35,441)
Insurance premium	175,000	175,000	173,271	(1,729)
Occupational	46,000	46,000	57,648	11,648
Alcoholic beverage	115,000	115,000	88,750	(26,250)
Other	43,600	112,100	175,111	63,011
Licenses and permits	2,000	2,000	6,169	4,169
Intergovernmental	272,600	272,600	288,096	15,496
Charges for services	400	400	-	(400)
Fines and forfeitures	158,000	158,000	121,687	(36,313)
Investment earnings	5,000	5,000	503	(4,497)
Miscellaneous	53,000	53,000	32,243	(20,757)
Total Revenues	2,457,700	2,526,200	2,558,414	32,214
<u>Expenditures:</u>				
Current:				
General government				
Governing Body	83,280	89,280	87,578	1,702
City Manager	82,200	82,200	81,895	305
Financial Administration	336,410	336,410	332,508	3,902
Administrative	15,100	9,100	3,125	5,975
Judicial	121,620	123,620	122,617	1,003
Public safety	1,671,130	1,757,630	1,744,589	13,041
Public works	536,460	538,460	518,378	20,082
Culture and recreation	194,000	174,000	165,293	8,707
Housing and development	368,080	381,080	369,474	11,606
Total Expenditures	3,408,280	3,491,780	3,425,457	66,323
Excess of Revenue Over (Under) Expenditure	(950,580)	(965,580)	(867,043)	98,537
<u>Other Financing Sources (Uses):</u>				
Transfer from other funds	950,580	950,580	858,930	(91,650)
Transfer to other funds	-	-	(11,801)	(11,801)
Proceeds from sale of property	-	-	14,200	14,200
Total Other Financing Sources (Uses)	950,580	950,580	861,329	(89,251)
Net change in fund balance	-	(15,000)	(5,714)	9,286
Fund balance, beginning of year	78,960	78,960	78,960	-
Fund balance, end of year	\$ 78,960	\$ 63,960	\$ 73,246	\$ 9,286

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

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CITY OF GREENSBORO, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2014

	Business-type Activities- Enterprise Funds		
	Water & Sewer Fund	Gas System	Total
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents	\$ 382	\$ 437	\$ 819
Certificates of deposit	7,859	823,511	831,370
Restricted cash	166,506	599,433	765,939
Restricted investments	530,489	-	530,489
Accounts receivable, net	338,805	328,630	667,435
Due from other funds	81,652	-	81,652
Prepaid expenses	22,540	8,003	30,543
Total current assets	1,148,233	1,760,014	2,908,247
Long-term assets:			
Investment-joint venture	-	2,050,855	2,050,855
Capital assets:			
Nondepreciable	529,975	326	530,301
Depreciable, net	10,314,338	1,015,857	11,330,195
Total capital assets, net	10,844,313	1,016,183	11,860,496
Total long-term assets	10,844,313	3,067,038	13,911,351
Total Assets	11,992,546	4,827,052	16,819,598
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred charge on refunding	82,548	-	82,548

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

CITY OF GREENSBORO, GEORGIA

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 SEPTEMBER 30, 2014
 (CONTINUED)

	Business-type Activities- Enterprise Funds		
	Water & Sewer Fund	Gas System	Total
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	70,852	344,573	415,425
Accrued expenses	7,154	179	7,333
Customer deposits	17,789	11,451	29,240
Due to other funds	-	115,547	115,547
Compensated absences	11,622	305	11,927
Total current liabilities payable from unrestricted assets	107,417	472,055	579,472
Current liabilities payable from restricted assets:			
Notes payable - current	58,344	-	58,344
Revenue bonds payable - current	300,000	33,765	333,765
Total current liabilities payable from restricted assets	358,344	33,765	392,109
Total current liabilities	465,761	505,820	971,581
Long-term liabilities:			
Notes payable	938,672	-	938,672
Revenue bonds payable	1,282,050	1,525,431	2,807,481
Total long-term liabilities	2,220,722	1,525,431	3,746,153
Total Liabilities	2,686,483	2,031,251	4,717,734
<u>NET POSITION</u>			
Net investment in capital assets	8,265,245	1,016,183	9,281,428
Restricted for debt service	696,995	-	696,995
Unrestricted	426,371	1,779,618	2,205,989
Total Net Position	\$ 9,388,611	\$ 2,795,801	\$ 12,184,412

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

CITY OF GREENSBORO, GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

	Business-type Activities- Enterprise Funds		
	Water & Sewer Fund	Gas System	Total
<u>Operating revenues:</u>			
Charges and fees	\$ 1,941,617	\$ 4,346,760	\$ 6,288,377
Total operating revenues	1,941,617	4,346,760	6,288,377
<u>Operating expenses:</u>			
Salaries and benefits	625,503	90,174	715,677
Contract management	7,226	4,530	11,756
Cost of sales	-	3,126,038	3,126,038
Legal and professional	111,524	66,258	177,782
Operating materials	204,482	103,690	308,172
Other operating expenses	69,701	273,099	342,800
Repairs and maintenance	101,722	39,755	141,477
Small equipment	4,588	2,738	7,326
Utilities	216,089	19,936	236,025
Depreciation	433,082	47,986	481,068
Total operating expenses	1,773,917	3,774,204	5,548,121
Operating income (loss)	167,700	572,556	740,256
<u>Nonoperating revenues (expenses):</u>			
Interest income	664	261,732	262,396
Intergovernmental revenue	-	98,973	98,973
Intergovernmental expense	-	(229,918)	(229,918)
Interest expense	(129,012)	(60,207)	(189,219)
Gain on sale of property	875	700	1,575
Total nonoperating revenues (expenses)	(127,473)	71,280	(56,193)
Income (loss) before contributions and transfers	40,227	643,836	684,063

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

CITY OF GREENSBORO, GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014
 (CONTINUED)

	Business-type Activities- Enterprise Funds		
	Water & Sewer Fund	Gas System	Total
Capital contributions	103,549	-	103,549
Transfers out	(69,354)	(773,170)	(842,524)
Change in net position	74,422	(129,334)	(54,912)
Net Position - Beginning of Year	9,314,189	2,925,135	12,239,324
Net Position - End of Year	\$ 9,388,611	\$ 2,795,801	\$ 12,184,412

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

CITY OF GREENSBORO, GEORGIA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

	Business-type Activities- Enterprise Funds		
	Water & Sewer Fund	Gas System	Total
<u>Cash Flows from Operating Activities:</u>			
Cash received from customers	\$ 1,861,461	\$ 4,631,859	\$ 6,493,320
Cash paid to suppliers for goods and services	(705,092)	(3,668,630)	(4,373,722)
Cash paid to employees	(613,311)	(89,806)	(703,117)
Net Cash Flows Provided by (Used for) Operating Activities	543,058	873,423	1,416,481
<u>Cash Flows from Noncapital Financing Activities:</u>			
Transfers	(69,354)	(773,170)	(842,524)
Net Cash Flows Provided by (Used for) Noncapital Financing Activities	(69,354)	(773,170)	(842,524)
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Capital contributions	103,549	-	103,549
Principal payments on revenue bonds and notes	(346,040)	(40,000)	(386,040)
Interest and fiscal charges on revenue bonds and notes	(112,502)	(58,972)	(171,474)
Intergovernmental expense	-	(229,918)	(229,918)
Intergovernmental revenue	-	98,973	98,973
Proceeds from the sale of assets	875	700	1,575
Purchases of capital assets	(107,366)	(43,790)	(151,156)
Net Cash Flows Provided by (Used for) Capital and Related Financing Activities	(461,484)	(273,007)	(734,491)
<u>Cash Flows from Investing Activities:</u>			
Interest income	-	(199,711)	(199,711)
Net Cash Flows Provided by (Used for) Investing Activities	-	(199,711)	(199,711)
Net Increase (Decrease) in Cash and Cash Equivalents	12,220	(372,465)	(360,245)
Cash and Cash Equivalents, Beginning of Year	154,668	972,335	1,127,003
Cash and Cash Equivalents, End of Year	\$ 166,888	\$ 599,870	\$ 766,758

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

CITY OF GREENSBORO, GEORGIA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014
 (CONTINUED)

	Business-type Activities- Enterprise Funds		
	Water & Sewer Fund	Gas System	Total
Noncash Investing, Capital and Financing Activities			
Contributions of capital assets from government	\$ 103,549	\$ -	\$ 103,549
Classified as:			
Current assets	\$ 382	\$ 437	\$ 819
Restricted assets	166,506	599,433	765,939
Total Cash and Cash Equivalents, End of Year	\$ 166,888	\$ 599,870	\$ 766,758
Reconciliation of Net Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities			
Net Operating Income (Loss)	\$ 167,700	\$ 572,556	\$ 740,256
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Depreciation and amortization	433,082	47,986	481,068
Changes in Assets and Liabilities:			
(Increase) decrease in accounts receivable	(50,547)	(49,831)	(100,378)
(Increase) decrease in due from other governments	52,968	-	52,968
(Increase) decrease in due from other funds	(81,652)	219,833	138,181
(Increase) decrease in prepaid expenses	(424)	(803)	(1,227)
Increase (decrease) in accounts payable	30,043	(31,783)	(1,740)
Increase (decrease) in accrued liabilities	12,192	368	12,560
Increase (decrease) in customer deposits	(925)	(450)	(1,375)
Increase (decrease) in due to other funds	(19,379)	115,547	96,168
Total Adjustments	375,358	300,867	676,225
Net Cash Provided by (Used for) Operating Activities	\$ 543,058	\$ 873,423	\$ 1,416,481

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

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NOTES TO THE FINANCIAL STATEMENTS

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Policies

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

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

A. Reporting Entity

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

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

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

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

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
(CONTINUED)

B. Government-Wide and Fund Financial Statements

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

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

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

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

Government-Wide Financial Statements

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

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

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

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
(CONTINUED)

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

Fund Financial Statements

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

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

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

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

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

The government reports the following major governmental funds:

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

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
(CONTINUED)

SPLOST 2009 Fund – The SPLOST 2009 Fund is used to account for the SPLOST monies received from Greene County to be used to finance SPLOST approved projects.

The government reports the following major proprietary funds:

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

Additionally, the government reports the following fund types:

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

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

D. Deposits and Investments

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

E. Receivables

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

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

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
(CONTINUED)

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

F. Inventories

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

G. Prepaid Items

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

H. Capital Assets

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred by the City during the current year was \$176,164. Of this amount, none was applicable to construction of capital assets.

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

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

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
(CONTINUED)

I. Compensated Absences

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

J. Deferred Inflows / Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period or periods and so will not be recognized as an outflow of resources (expense / expenditures) until then. The government has only one type of item that qualified for reporting in this category. The enterprise funds report deferred charges on refunding.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The government also reports all unearned property tax revenues which are levied in September but are for the next fiscal year.

K. Long-Term Obligations

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

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

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
(CONTINUED)

L. Fund Equity

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

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

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

- Committed
- Assigned
- Unassigned

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
(CONTINUED)

The City does not have a formal minimum fund balance policy. The following is a summary of the fund balance classifications as of September 30, 2014:

	General Fund	2009 SPLOST	Nonmajor Governmental	Total
Fund Balances				
Nonspendable:				
Prepays	\$ 43,715	\$ -	\$ -	\$ 43,715
Restricted for:				
Cemetery Maintenance	-	-	91,606	91,606
Law enforcement	-	-	2,459	2,459
Capital outlay	-	854,489	-	854,489
Assigned for:				
Capital outlay	-	-	65	65
Unassigned	29,531	-	-	29,531
Total fund balances	\$ 73,246	\$ 854,489	\$ 94,130	\$ 1,021,865

M. Risk Management

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

N. Net Position Flow Assumption

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

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

NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING

A. Budget Process

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

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
(CONTINUED)

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

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

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

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

B. Excess of Expenditures Over Appropriations

The General Fund had expenditures in excess of appropriations for the following departments:

Transfer to other funds	\$ 11,801
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NOTE 3 – DEPOSITS AND INVESTMENTS

A. Custodial Credit Risk – Deposits

The custodial credit risk of deposits is the risk that in the event of the failure of a bank, the City's deposits may not be recovered. The City's bank balances of deposits as of September 30, 2014 are entirely insured or collateralized with securities held by the City's agent in the City's name. State statutes require banks holding public funds to secure these funds by FDIC insurance, securities pledged at par value, and surety bonds at face value in combined aggregate totaling not less than 110 percent of the public funds held.

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
(CONTINUED)

B. Interest Rate Risk

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

C. Credit Risk

Georgia law authorizes the City to invest in the following types of obligations: obligations of the State of Georgia or any other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; prime banker's acceptance; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. At September 30, 2014, the City's only investments were in certificates of deposit.

At September 30, 2014, the City's investment in certificates of deposit was as follows:

Investment	Maturity	Amount
Certificates of Deposit – Nonmajor Governmental Fund	12 months	\$ 78,678
Certificates of Deposit – General Fund	12 months	30,620
Certificates of Deposit – Water & Sewer Fund	12 months	47,225
Certificates of Deposit – Gas Fund	12 months	241,645
Certificates of Deposit – Water & Sewer Fund	6 months	119,544
Certificates of Deposit – Gas Fund	6 months	381,866
Certificates of Deposit – Water & Sewer Fund	30 days	371,579
Certificates of Deposit – Gas Fund	30 days	200,000

The City does not have an investment policy that would further limit its investment choices.

D. Concentration of Credit Risk

The City places no limit on the amount the City may invest in any one issuer. GASB Statement 40 requires disclosure when the percentage is 5% or more in any one issuer. The City had no investments that met this requirement as of September 30, 2014.

NOTE 4 – PROPERTY TAXES

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

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
(CONTINUED)

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

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

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

The property tax calendar is as follows:

	Real/Personal Property (Excluding Vehicles)	Motor Vehicles
Assessment Date	January 1	January 1
Levy Date	October 2	January 1
Due Date and Collection Date	December 2	Staggered

Property taxes receivable have been reduced to their estimated net realizable value. Estimated uncollectible amounts are based upon historical experience rates and result in a direct reduction of the related revenue amount at the end of the period. The 2014 tax digest receivable and amounts collected at year-end are reported as deferred inflows of resources – unearned revenues on the government-wide statement of net position and the Governmental Fund statements since this digest was approved to finance the 2014 budget.

NOTE 5 – HOTEL/MOTEL EXCISE TAX

A summary of the hotel/motel excise tax expenditures and receipts for the year ended September 30, 2014, is as follows:

<u>Expenditures By Purpose</u>	<u>Amount</u>	<u>Tax Receipts</u>	<u>Percentage</u>
Promote tourism	\$ 24,336	\$ 60,841	40%
General Fund	<u>36,505</u>	<u>-</u>	<u>60%</u>
Total	<u>\$ 60,841</u>	<u>\$ 60,841</u>	<u>100%</u>

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
(CONTINUED)

NOTE 6 – RECEIVABLES

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

	General	SPLOST 2009	Water & Sewer	Gas System	Non-major Governmental	Total
Receivables:						
Taxes	\$ 77,525	\$ -	\$ -	\$ -	\$ -	\$ 77,525
Accounts	19,892	-	803,062	434,578	5,259	1,262,791
Intergovernmental	78,580	140,875	-	-	38,092	257,547
Gross Receivables	175,997	140,875	803,062	434,578	43,351	1,597,863
Less: allowance for uncollectibles	(56,933)	-	(464,257)	(105,948)	-	(627,138)
Total net receivables	\$ 119,064	\$ 140,875	\$ 338,805	\$ 328,630	\$ 43,351	\$ 970,725

NOTE 7 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of September 30, 2014, is as follows:
Due to / from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Gas Fund	\$ 115,547
Water & Sewer Fund	General Fund	81,652
SPLOST 2009 Fund	General Fund	300
SPLOST 2009 Fund	Nonmajor Governmental	171,365
General Fund	Nonmajor Governmental	2
Nonmajor Governmental	General Fund	9,128
		<u>\$ 377,994</u>

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

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
(CONTINUED)

Interfund transfers:

	Transfer In:		
	General Fund	Nonmajor Governmental	Total
Transfer Out:			
Gas System Fund	\$ 773,170	\$ -	\$ 773,170
Water & Sewer Fund	49,255	20,099	69,354
SPLOST Fund	-	28,635	28,635
Nonmajor Governmental Funds	36,505	-	36,505
General Fund	-	11,801	11,801
Total	\$ 858,930	\$ 60,535	\$ 919,465

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

CITY OF GREENSBORO, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
(CONTINUED)

NOTE 8 – CAPITAL ASSETS

	Beginning Balance	Increase	Decrease	Transfers/ Reclassifications	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 1,191,843	\$ -	\$ -	\$ -	\$ 1,191,843
Construction in progress	676,001	109,259	-	-	785,260
Total capital assets, not being depreciated	1,867,844	109,259	-	-	1,977,103
Capital assets, being depreciated					
Buildings	1,261,634	-	-	-	1,261,634
Machinery & equipment	1,104,949	-	-	-	1,104,949
Furniture & fixtures	12,165	-	-	-	12,165
Vehicles	1,564,881	127,987	-	(162,360)	1,530,508
Infrastructure	1,413,147	-	-	-	1,413,147
Total capital assets, being depreciated	5,356,776	127,987	-	(162,360)	5,322,403
Less accumulated depreciation for:					
Buildings	(308,380)	(27,055)	-	-	(335,435)
Machinery & equipment	(922,677)	(47,645)	-	-	(970,322)
Furniture & fixtures	(9,101)	(894)	-	-	(9,995)
Vehicles	(1,144,832)	(91,739)	-	162,360	(1,074,211)
Infrastructure	(365,774)	(77,142)	-	-	(442,916)
Total accumulated depreciation	(2,750,764)	(244,475)	-	162,360	(2,832,879)
Total capital assets, being depreciated, net	2,606,012	(116,488)	-	-	2,489,524
Governmental activities capital assets, net	\$ 4,473,856	\$ (7,229)	\$ -	\$ -	4,466,627
Less related long-term debt outstanding					(145,107)
Net investment in capital assets					<u>\$ 4,321,520</u>

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2014
 (CONTINUED)

	Beginning Balance	Increase	Decrease	Transfers/ Reclassifications	Ending Balance
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 394,874	\$ -	\$ -	\$ -	\$ 394,874
Construction in progress	82,233	59,004	-	(5,811)	135,426
Total capital assets, not being depreciated	477,107	59,004	-	(5,811)	530,300
Capital assets, being depreciated:					
Buildings and improvements	13,026,165	-	-	-	13,026,165
Infrastructure	5,012,208	81,689	-	5,811	5,099,708
Equipment	1,612,810	10,463	-	-	1,623,273
Vehicles	178,824	-	(22,317)	-	156,507
Total capital assets being depreciated	19,830,007	92,152	(22,317)	5,811	19,905,653
Less accumulated depreciation for:					
Buildings and improvements	(3,386,295)	(10,431)	-	-	(3,396,726)
Infrastructure	(3,592,114)	(352,724)	-	-	(3,944,838)
Equipment	(981,519)	(114,058)	-	-	(1,095,577)
Vehicles	(156,778)	(3,855)	22,317	-	(138,316)
Total accumulated depreciation	(8,116,706)	(481,068)	22,317	-	(8,575,457)
Total capital assets, being depreciated, net	11,713,301	(388,916)	-	5,811	11,330,196
Business-type activities capital assets, net	\$ 12,190,408	\$ (329,912)	\$ -	\$ -	\$ 11,860,496
				Less related long-term debt outstanding *	(2,579,068)
				Net investment in capital assets	\$ 9,281,428

* - The capital assets associated with the Series 2013 Bonds in the Gas System are reported as a part of Tri-County Natural Gas System, a joint venture of the City, and therefore the Series 2013 bonds payable of \$1,559,196 is not included in the related long-term debt outstanding for the calculation of the net investment in capital assets.

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
(CONTINUED)

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

Governmental activities:

General government	\$	2,165
Public safety		158,923
Public works		72,623
Culture and recreation		10,764
		<u>10,764</u>

Total depreciation expense - governmental activities	\$	<u>244,475</u>
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Business-type activities:

Water and sewer	\$	433,082
Gas system		47,986
		<u>47,986</u>

Total depreciation expense - business-type activities	\$	<u>481,068</u>
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Component Unit Activities:	Beginning Balance	Increase	Decrease	Ending Balance
Downtown Development Authority				
Capital assets, not being depreciated:				
Land	\$ 50,000	\$ -	\$ -	\$ 50,000
Total capital asset not being depreciated	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>50,000</u>
Capital assets, being depreciated:				
Buildings	650,000	-	-	650,000
Buildings and improvements	1,500,047	-	-	1,500,047
Equipment	10,376	23,800	-	34,176
Total capital assets being depreciated	<u>2,160,423</u>	<u>23,800</u>	<u>-</u>	<u>2,184,223</u>
Less accumulated depreciation for:				
Buildings	(96,417)	(13,000)	-	(109,417)
Buildings and improvements	(120,004)	(30,001)	-	(150,005)
Equipment	(3,114)	(3,871)	-	(6,985)
Total accumulated depreciation	<u>(219,535)</u>	<u>(46,872)</u>	<u>-</u>	<u>(266,407)</u>
Total capital assets, being depreciated, net	<u>1,940,888</u>	<u>(23,072)</u>	<u>-</u>	<u>1,917,816</u>
Business-type activities capital assets, net	<u>\$ 1,990,888</u>	<u>\$ (23,072)</u>	<u>\$ -</u>	<u>\$ 1,967,816</u>

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

Component Unit

Better Hometown	\$	46,872
Total depreciation expense - component unit	\$	<u>46,872</u>

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
(CONTINUED)

NOTE 9 – LONG-TERM DEBT

Changes in long-term liabilities

Long-term liability activity for the year ended September 30, 2014, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences	\$ 21,660	\$ 130,895	\$ (126,374)	\$ 26,181	\$ 26,181
Capital lease payable	214,914	-	(69,807)	145,107	71,629
Governmental activity long-term liabilities	<u>\$ 236,574</u>	<u>\$ 130,895</u>	<u>\$ (196,181)</u>	<u>\$ 171,288</u>	<u>\$ 97,810</u>
Business-type activities:					
Compensated absences	\$ 6,700	\$ 40,942	\$ (35,715)	\$ 11,927	\$ 11,927
Notes payable	1,053,054	-	(56,038)	997,016	58,344
Revenue bonds payable	3,507,052	-	(330,002)	3,177,050	335,000
Deferred amounts:					
Less: Bond discount	(37,039)	-	1,235	(35,804)	(1,235)
Business-type activity long-term liabilities	<u>\$ 4,529,767</u>	<u>\$ 40,942</u>	<u>\$ (420,520)</u>	<u>\$ 4,150,189</u>	<u>\$ 404,036</u>
Component Unit:					
Downtown Development Authority:					
Notes payable	\$ 181,047	\$ -	\$ (181,047)	\$ -	\$ -
Component Unit long-term liabilities	<u>\$ 181,047</u>	<u>\$ -</u>	<u>\$ (181,047)</u>	<u>\$ -</u>	<u>\$ -</u>

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

Revenue Bonds

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

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
(CONTINUED)

The City has covenanted that it will prescribe and revise rates, and collect fees and charges for services, facilities and commodities furnished by the System at all times at a level sufficient to (i) pay the reasonable and necessary costs of operating, maintaining and repairing the System on a sound businesslike basis, (ii) to maintain the Sinking Fund at the required level in order to discharge the payment of the principal of and interest on the Series 2004 Bonds and all outstanding parity bonds maturing in the current sinking fund year, (iii) to maintain a reserve in the Sinking Fund (the "Reserve Account") approximately equal to the highest combined debt service requirements of the Series 2004 Bonds in any succeeding sinking fund year (\$364,820), and (iv) to create and maintain the Renewal and Extension Fund (\$150,000). The City has further agreed that these rates, fees, and charges shall be maintained at such level as to produce net revenues equal to at least 1.2 times the maximum annual debt service requirements of the Series 2004 Bonds and all outstanding parity bonds and to make payments into the Reserve Account. The City has fully funded the Reserve Account and the Renewal and Extension Fund simultaneously with the issuance of the Series 2004 Bonds.

Sinking Fund Year	Principal	Interest
2015	\$ 300,000	\$ 66,552
2016	315,000	55,460
2017	325,000	43,898
2018	335,000	31,866
2019	307,050	26,038
Total	<u>\$ 1,582,050</u>	<u>\$ 223,814</u>

Combined Utility Revenue Refunding and Improvement Bonds, Series 2013 – The City issued bonds in the original amount of \$1,635,000 bearing interest at a rate of 4.25%. Interest on the Series 2013 Bonds is payable on January 1 and July 1 of each year. Principal payments are due each January 1 through 2043 with principal payments of amounts ranging from \$40,000 to \$90,000. The purpose of the Series 2013 bonds was to (i) to finance the cost of additions, extensions and improvements to the gas portions of the System, (ii) to fund in part a reasonably required debt service reserve and (iii) to pay the costs of issuance. These bonds are secured by a first lien pledge of the net revenues of the System (combined water, sewerage and gas system) remaining after payment of the reasonable and necessary expenses of operating, maintaining and repairing the System. During FY 2014, the City received \$98,973 from Tri-County Natural Gas as reimbursement for principal and interest paid by the City on these bonds. This revenue is reflected as intergovernmental revenue on the Statement of Revenues, Expenses and Changes in Net Position.

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
(CONTINUED)

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

Sinking Fund Year	Principal	Interest
2015	\$ 35,000	\$ 58,225
2016	35,000	57,525
2017	35,000	56,825
2018	35,000	56,125
2019	40,000	55,375
2020-2024	205,000	259,716
2025-2029	240,000	223,381
2030-2034	285,000	173,281
2035-2039	350,000	108,941
2040-2044	335,000	29,219
Total	<u>\$ 1,595,000</u>	<u>\$ 1,078,613</u>

Notes Payable

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

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

Years Ending September 30	Principal	Interest
2015	\$ 58,344	\$ 39,207
2016	60,746	36,806
2017	63,246	34,306
2018	65,849	31,703
2019	68,559	28,993
2020-2024	387,514	100,242
2025-2028	292,758	19,853
Total	<u>\$ 997,016</u>	<u>\$ 291,110</u>

Capital Leases

During fiscal year 2011, the City entered into a capital lease with BB&T to finance the purchase of a fire truck. The total amount of the capital lease was \$349,366 and is payable in monthly installments of \$6,208 with interest at 2.55%. The payments begin in October 2011 and will

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
(CONTINUED)

continue until final payment in September 2016. Total costs of assets under capital leases as of September 30, 2014 were \$367,376 of vehicles included in governmental activities on the statement of net position. The vehicles have a life of 10 years. For the fiscal year ended September 30, 2014, accumulated depreciation was \$128,582 and depreciation expense was \$36,738 for governmental activities.

Annual debt service requirements to maturity for this capital lease are as follows:

<u>Years Ending September 30</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 71,629	\$ 2,867
2016	73,478	1,019
Total	<u>\$ 145,107</u>	<u>\$ 3,886</u>

The assets acquired through capital leases are as follows:

<u>Asset:</u>	<u>Governmental Activities</u>
Vehicles	\$ 367,376
Less: Accumulated depreciation	<u>(128,582)</u>
Total	<u>\$ 238,794</u>

NOTE 10 – EMPLOYEE RETIREMENT PLANS

Georgia Municipal Employees Benefit System

Plan Description

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

Funding Policy

The City's employee's participation is non-contributory. The City is required to contribute at an actuarially determined rate; the current rate is 6.94% of annual covered payroll. The contribution

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
(CONTINUED)

requirements of plan members and the City are established and may be amended by the system's Board of Trustees.

Annual Pension Cost

The City's annual pension cost of \$98,803 was equal to the City's required contributions. The required contribution was determined as part of the January 1, 2014 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return and (b) projected salary increases of 3.5% plus age and service based merit increases and (c) inflation rate of 3.5%. The actuarial value of the Plan's assets was determined using a roll forward of prior years actuarial value with contributions, disbursements and expected return on investments, plus 10% of investment gain (loss) during 10 prior years. The plan's period for amortizing the initial unfunded actuarial accrued liability for 30 years for 1982 and current changes in the unfunded actuarial accrued liability over 15 years for actuarial gains and losses, 20 years for plan provisions and 30 years for actuarial assumptions and cost methods as a level dollar amount. The amortization periods, if applicable, are closed for this plan year.

Plan Membership

Retirees and beneficiaries receiving benefits	21
Terminated plan members entitled to, but not Receiving benefits	20
Active plan members	<u>49</u>
Total	<u>90</u>

Trend Information

Historical trend information designed to provide information about the City's progress made in accumulating sufficient assets to pay pension benefits when due is presented below:

Fiscal Year	Annual Pension Cost	Percentage Contributed	Net Pension Obligation/(Asset)
2014	\$ 93,424	100%	\$ (28,806)
2013	97,629	100%	(29,371)
2012	106,504	100%	(29,371)

Derivation of Annual Pension Cost

Annual required contribution	\$ 98,803
Interest on Net Pension Obligation	(9,012)

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
(CONTINUED)

Amortization of Net Pension Obligation	<u>3,633</u>
Annual Pension Cost	<u>\$ 93,424</u>

Derivation of Net Pension Obligation

Annual Pension Cost for Current Year	\$ 93,424
Actual Contributions to Plan for Current Year	<u>92,859</u>
Increase in Net Pension Obligation/(Asset)	565
Net Pension Obligation/(Asset) at September 30, 2013	<u>(29,371)</u>
Net Pension Obligation/(Asset) at September 30, 2014	<u>\$ (28,806)</u>

Funded Status and Funding Progress

The funded status of the plan as of January 1, 2014, the most recent actuarial valuation date, is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/14	\$2,671,766	\$2,516,682	(\$155,084)	106.16%	\$1,380,968	-11.23%

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of September 30, 2014.

NOTE 11 – RISK MANAGEMENT

The City is exposed to various risks of losses related to torts, thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
(CONTINUED)

commercial insurance for these various risks with a deductible as follows: contractor's equipment protection - \$500, public official liabilities - \$5,000, police professional liability - \$5,000, all other risks have a deductible of \$1,000.

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

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

The fund is to defend and protect the members of the funds against liability or loss as prescribed in the member governments' contracts and in accordance with the workers' compensation laws of Georgia. The fund is to pay all cost taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

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

NOTE 12 – CONTINGENT LIABILITIES

A. Litigation

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

B. Grants

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

NOTE 13 – JOINT VENTURES

A joint venture has the following characteristics:

CITY OF GREENSBORO, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
(CONTINUED)

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

Northeast Georgia Regional Commission

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

Greene County Development Authority

The Greene County Development Authority (the Authority) was established to develop, promote and expand for the public good and the general welfare, industry, agriculture, commerce, natural resources and vocational training and to make long range plans for the coordination of such development, promotion and expansion, within the territorial limits of Greene County, Georgia.

On April 6, 2004, the Authority and the City of Greensboro, Georgia entered into an intergovernmental agreement with Greene County, Georgia, the City of Union Point, Georgia, the City of White Plains, Georgia, the City of Siloam, Georgia, and the City of Woodville, Georgia. The agreement provides funding for the position of "Director of Economic Development" (Director). The Director will be employed by the Authority. Greene County shall provide administrative services related to payroll and employee benefits. Each joint venture member shall contribute a share of the director's expenses. The position shall have a budget which must be approved by all venture members and cannot exceed \$100,000 per year. Member contributions shall be based on their relative participation in Greene County LOST funding. The agreement is for one year and renews automatically from year to year. Members can terminate their obligations on the anniversary date upon written notice at least ninety (90) days prior to the effective date. The City's share of the Director's expense was \$7,782.

Complete financial statements of the Greene County Development Authority can be obtained by contacting the Authority at P.O. Box 741, Greensboro, GA 30642.

NOTE 14 – RELATED ENTITY

Housing Authority of the City of Greensboro, Georgia

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
(CONTINUED)

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

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

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

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

For the fiscal year ended September 30, 2014, the Authority made payments of \$10,848 "in lieu of taxes".

Greene County Chamber of Commerce

The City has an agreement with the Greene County Chamber of Commerce to pay the salaries and employee benefits for the Chamber. The Chamber then reimburses the City for the salaries and employee benefits. During the fiscal year ended September 30, 2014, the Chamber reimbursed the City \$82,351 for salaries and employee benefits.

NOTE 15 – INVESTMENTS – JOINT VENTURE

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

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

Investment, October 1	\$ 1,789,964
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CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014
(CONTINUED)

Greensboro's share of net income	260,891
Investment, September 30	<u>\$ 2,050,855</u>

NOTE 16 – CONCENTRATION OF RISK – MAJOR CUSTOMER

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

	<u>Gas Revenue</u>	<u>Gas Receivables</u>
Total Gas System	\$ 4,346,760	\$ 434,577
Novelis	3,278,175	271,302
Percent of Total	75%	62%

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF GREENSBORO, GEORGIA

SCHEDULE OF PENSION FUNDING PROGRESS
REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2014
UNAUDITED

Actuarial Valuation Date January 1,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Annual Covered Payroll (c)	UAAL as a percentage of covered payroll (b - a) / c
2014	\$ 2,671,766	\$2,516,682	\$ (155,084)	106.16%	\$ 1,380,968	-11.23%
2013	2,548,044	2,388,191	(159,853)	106.69%	1,432,331	-11.16%
2012	2,450,791	2,236,755	(214,036)	109.57%	1,286,535	-16.64%
2011	2,354,742	2,234,945	(119,797)	105.36%	1,495,553	-8.01%
2010	2,180,278	2,088,965	(91,313)	104.37%	1,395,152	-6.55%
2009	1,669,528	2,044,007	374,479	81.68%	1,411,900	26.52%
2008	1,976,834	1,855,063	(121,771)	106.56%	1,180,878	-10.31%

SUPPLEMENTARY INFORMATION

CITY OF GREENSBORO, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014

	Special Revenue Funds		Capital Project Funds				Permanent Fund	Total Nonmajor Governmental Funds
	Confiscated Assets	Hotel Motel Tax	Reynolds St. CDBG	Water Improvements	Capital Improvements		Cemetery Trust	
Cash and cash equivalent	\$ 2,459	\$ -	\$ 2	\$ -	\$ 175,780	\$	\$ 12,928	\$ 191,169
Certificates of deposit	-	-	-	-	-		78,678	78,678
Accounts receivable	-	5,259	-	-	-		-	5,259
Intergovernmental receivable	-	-	36,992	1,100	-		-	38,092
Due from other funds	-	5,697	-	-	3,431		-	9,128
Total Assets	\$ 2,459	\$ 10,956	\$ 36,994	\$ 1,100	\$ 179,211	\$	\$ 91,606	\$ 322,326
<u>LIABILITIES AND FUND BALANCES</u>								
Liabilities:								
Accounts payable	\$ -	\$ 10,956	\$ 36,992	\$ 1,100	\$ 7,781	\$	\$ -	\$ 56,829
Due to other funds	-	-	2	-	171,365		-	171,367
Total Liabilities	-	10,956	36,994	1,100	179,146		-	228,196
Fund Balances:								
Restricted	2,459	-	-	-	-		91,606	94,065
Assigned	-	-	-	-	65		-	65
Total Fund Balances	2,459	-	-	-	65		91,606	94,130
Total Liabilities and Fund Balances	\$ 2,459	\$ 10,956	\$ 36,994	\$ 1,100	\$ 179,211	\$	\$ 91,606	\$ 322,326

CITY OF GREENSBORO, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

	Special Revenue Funds		Capital Project Funds				Permanent Fund	Total Nonmajor Governmental Funds
	Confiscated Assets	Hotel Motel Tax	Reynolds St. CDBG	Water Improvements	CDBG	Capital Improvements	Cemetery Trust	
<u>Revenues:</u>								
Taxes	\$ -	\$ 60,841	\$ -	\$ -	\$ -	-	\$ -	\$ 60,841
Intergovernmental	-	-	36,992	12,000	-	-	-	48,992
Fines and forfeitures	1,350	-	-	-	-	-	-	1,350
Interest earnings	2	-	-	-	-	-	422	424
Other revenues	550	-	-	-	-	-	13,806	14,356
Total Revenues	1,902	60,841	36,992	12,000	-	-	14,228	125,963
<u>Expenditures:</u>								
Current:								
General government	-	24,336	-	-	-	-	-	24,336
Public safety	657	-	-	-	-	-	-	657
Public works	-	-	-	-	-	28,635	-	28,635
Culture and recreation	-	-	-	-	-	-	21,185	21,185
Capital outlay	-	-	48,166	32,726	-	-	-	80,892
Total Expenditures	657	24,336	48,166	32,726	28,635	-	21,185	155,705
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,245	36,505	(11,174)	(20,726)	(28,635)	-	(6,957)	(29,742)
<u>Other Financing Sources (Uses):</u>								
Transfers from other funds	-	-	11,174	20,726	28,635	-	-	60,535
Transfers to other funds	-	(36,505)	-	-	-	-	-	(36,505)
Total other financing sources (uses)	-	(36,505)	11,174	20,726	28,635	-	-	24,030
Net change in fund balances	1,245	-	-	-	-	-	(6,957)	(5,712)
Fund Balance, beginning of year	1,214	-	-	-	65	-	98,563	99,842
Fund Balance, end of year	\$ 2,459	\$ -	\$ -	\$ -	\$ 65	\$ 65	\$ 91,606	\$ 94,130

CITY OF GREENSBORO, GEORGIA

CONFISCATED ASSETS FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

	Final Budget	Actual	Variance with Budget
<u>Revenues:</u>			
Forfeitures	\$ 3,000	\$ 1,350	\$ (1,650)
Interest earnings	-	2	2
Other revenues	-	550	550
Total Revenues	3,000	1,902	(1,650)
<u>Expenditures:</u>			
Current:			
Public Safety	3,000	657	2,343
Total Expenditures	3,000	657	2,343
Net change in fund balances	-	1,245	1,245
Fund balance - beginning of year	1,214	1,214	-
Fund balance - end of year	\$ 1,214	\$ 2,459	\$ 1,245

CITY OF GREENSBORO, GEORGIA

HOTEL/MOTEL TAX FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

	Final Budget	Actual	Variance with Budget
<u>Revenues:</u>			
Taxes	\$ 61,000	\$ 60,841	\$ (159)
Total Revenues	61,000	60,841	(159)
<u>Expenditures:</u>			
Current:			
General Government	28,000	24,336	3,664
Total Expenditures	28,000	24,336	3,664
Excess of Revenues Over (Under) Expenditures	33,000	36,505	3,505
<u>Other Financing Sources (Uses):</u>			
Transfer to General Fund	(33,000)	(36,505)	(3,505)
Total Other Financing Sources (Uses)	(33,000)	(36,505)	(3,505)
Net change in fund balances	-	-	-
Fund Balance - beginning of year	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ -

CITY OF GREENSBORO, GEORGIA

COMMUNITY DEVELOPMENT BLOCK GRANT

#11p-x-066-2-5355

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES-BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Prior Years	Current Year	Total to Date	Project Authorization
<u>Revenues:</u>				
Department of Community Affairs	\$ 365,958	\$ 36,992	\$ 402,950	\$ 482,475
Interest income	2	-	2	-
Total Revenues	365,960	36,992	402,952	482,475
<u>Expenditures:</u>				
P-001-01 Acquisition of Property	23,413	36,992	60,405	20,000
T-03J-00 Engineering-Water/Sewer Improvements	46,926	-	46,926	9,500
P-03J-01 Water Facilities	331,771	1,260	333,031	87,514
T-03K-00 Engineering-Street Improvements	1,093	9,664	10,757	35,000
P-03K-02 Flood and Drainage Facilities	-	-	-	330,461
A-21A-00 Administration	42,565	250	42,815	-
Total Expenditures	445,768	48,166	493,934	482,475
Excess of Revenues Over (Under) Expenditures	(79,808)	(11,174)	(90,982)	-
<u>Other Financing Sources (Uses):</u>				
Transfer from General Fund	79,808	11,174	90,982	-
Total Other Financing Sources (Uses)	79,808	11,174	90,982	-
Net change in fund balances	-	-	-	-
Fund Balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ -	\$ -

CITY OF GREENSBORO, GEORGIA

COMMUNITY DEVELOPMENT BLOCK GRANT

#13p-x-066-2-5552

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES-BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Prior Years	Current Year	Total to Date	Project Authorization
<u>Revenues:</u>				
Department of Community Affairs	\$ 1,500	\$ 12,000	\$ 13,500	\$ 500,000
Total Revenues	1,500	12,000	13,500	500,000
<u>Expenditures:</u>				
C-022-00 Contingencies-Unprogrammed Funds	622	-	622	26,622
T-03J-00 Engineering-Water/Sewer Improvements	18,627	26,876	45,503	11,432
P-03J-01 Water Facilities	-	-	-	431,946
A-21A-00 Administration	6,300	5,850	12,150	30,000
Total Expenditures	25,549	32,726	58,275	500,000
Excess of Revenues Over (Under) Expenditures	(24,049)	(20,726)	(44,775)	-
<u>Other Financing Sources (Uses):</u>				
Transfer from Water Fund	24,049	20,726	44,775	-
Total Other Financing Sources (Uses)	24,049	20,726	44,775	-
Net change in fund balances	-	-	-	-
Fund Balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ -	\$ -

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GOVERNMENTAL REPORT

CITY OF GREENSBORO, GEORGIA

SCHEDULE OF PROJECTS CONSTRUCTED
WITH SPECIAL SALES TAX PROCEEDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

	Original	Expenditures		
	Estimated Cost	Prior Year(s)	Current Year	Total
<u>2009 Referendum</u>				
Roads, Streets, Bridges and Sidewalks	\$ 4,311,791	\$ 964,744	\$ 273,062	\$ 1,237,806
* Public Safety Facilities and Equipment	900,000	577,283	200,801	778,084
Water, Sewer and Stormwater Facilities and Equipment	1,000,000	767,344	257,100	1,024,444
Administrative Facilities and Equipment	250,000	-	3,688	3,688
Cultural Facilities and Equipment	500,000	404,243	215,144	619,387
Total 2009 Referendum	<u>\$ 6,961,791</u>	<u>\$ 2,713,614</u>	<u>\$ 949,795</u>	<u>\$ 3,663,409</u>

* Note 1 > The Public Safety Facilities and Equipment expenditures for FY 2014 included the following items

Capital Outlay	\$ 126,305
Debt Service - Principal	69,828
Debt Service - Interest	4,668
Total Expenditures	<u>\$ 200,801</u>

The debt service payments are for the fire truck purchased by the City during FY 2011 using proceeds from a capital lease. The capital lease was recorded in the City's General Fund in 2011. The lease payments from the SPLOST proceeds began in FY 2012.

Note 2 > The \$28,635 transfer to the Capital improvements Fund is included in the Roads, Streets, Bridges and Sidewalks Current Year Expenditures amount of \$273,062 above.

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

Honorable Mayor and City Council
The City of Greensboro, Georgia

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Greensboro, Georgia as of and for the year ended September 30, 2014 and the related notes to the financial statements, which collectively comprise City of Greensboro, Georgia's basic financial statements, and have issued our report thereon dated September 17, 2015.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purposes described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal

control, described in the accompanying schedule of findings and responses that we consider to be material weaknesses. 2014-001, 2014-002, 2014-003, 2014-004, and 2014-005

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Greensboro's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2014-006.

City of Greensboro, Georgia's Response to Findings

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

Purpose of this Report

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

Macon, Georgia
September 17, 2015



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CITY OF GREENSBORO, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2014

Financial Statement Findings

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

2014-001 Gas Fund – Restricted Cash Account

CRITERIA

All bank account activity should be recorded into the general ledger system.

CONDITION

The City did not properly record all of the 2014 activity for the bond issuance bank account in the Gas Fund. Also, monthly bank reconciliations were not being performed on this account during the year.

CONTEXT

A material audit adjustment of \$565,732 was required to decrease the bank account balance that was overstated at year end and a corresponding audit adjustment was required to increase expenses that were understated for the year.

EFFECT

The City produced financial reports which were incomplete and contained material errors. The failure to reconcile the bank account on a timely basis resulted in incomplete or inaccurate recording of transactions in the City's financial records for 2014.

CAUSE

The City did not have adequate accounting procedures in place to insure the activity of this account was being recorded and that the account was being reconciled.

RECOMMENDATION

We recommend that the City develop procedures to capture and summarize transactions and facilitate general ledger entries related to this bank account. We also recommend that the bank account be reconciled on a timely basis each month.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

Management agrees with the finding. The City will communicate with Tri-County Natural Gas to ensure that all of the activity from the bond issuance bank account is recorded in the Gas Fund. Monthly reconciliations will be performed on this account.

CITY OF GREENSBORO, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014
(CONTINUED)

2014-002 Joint Venture Accounting

CRITERIA

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

CONDITION

The City did not record the City's share in the earning of the joint venture with Tri-County Natural Gas.

CONTEXT

A material audit adjustment of \$260,891 was required to correct the investment revenue – joint venture for the fiscal year ended September 30, 2014.

EFFECT

The City's accounting records contained material errors which were identified and corrected during the annual audit process.

CAUSE

The City did not have adequate accounting procedures in place to insure the recording of the City's share of the Tri-County earnings.

RECOMMENDATION

We recommend that City develop procedures to capture the earnings of Tri-County when they become measurable and available to finance expenditures of the fiscal period.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

Management agrees with the finding. The City will request the necessary information from Tri-County Natural Gas and record the City's share of earnings in the City's Gas Fund during the year end close out.

CITY OF GREENSBORO, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014
(CONTINUED)

2014-003 Hotel/Motel Taxes

CRITERIA

The City has levied a hotel/motel tax of 5% on hotels, motels, inns within the City limits for promotion of tourism, conventions and trade shows. The City has entered into an agreement to provide 3% of this tax to the Greene City Chamber of Commerce to promote tourism within the City with the City retaining the remaining 2% of the taxes imposed.

CONDITION

The City did not properly calculate the payout of the hotel/motel taxes to the Chamber of Commerce.

CONTEXT

An audit adjustment of \$10,086 was required to record additional hotel/motel taxes due to the Chamber of Commerce for the fiscal year ended September 30, 2014.

EFFECT

The City's accounting records contained errors which were identified and adjusted during the annual audit process.

CAUSE

The City did not have adequate accounting procedures in place to insure that the calculation of the payout of the hotel/motel taxes was complete and accurate.

RECOMMENDATION

We recommend that City develop procedures to insure that the worksheet being used to calculate the payout of the hotel/motel taxes is updated and that all calculations are correct.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

Management agrees with the finding. The City will carefully examine the spreadsheet used to calculate the disbursement to the Chamber of Commerce. The disbursements to the Chamber will be carefully reviewed.

CITY OF GREENSBORO, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014
(CONTINUED)

2014-004 Management of Due To / From (Interfund) Accounts

CRITERIA

Generally accepted accounting principles require consideration of the collectability of receivables of all kinds whether external or internal to the City. As part of that process, the City should review the amounts included in due to / from accounts (interfund receivables and payables) in each fund to determine if amounts should instead be treated as a transfer in / out during any given fiscal year.

CONDITION

The City did not manage due to/from activity between the various funds in a timely manner for 2014.

CONTEXT

A material audit adjustment of \$440,667 was required to record a budgeted transfer from the Gas Fund to the General Fund.

EFFECT

The City's initial accounting records reflected a General Fund deficit fund balance of (\$361,701) prior to recording the material audit adjustment. The fund balance for the General Fund was understated by \$440,667 prior to the audit adjustment.

CAUSE

The City lacked adequate accounting procedures to monitor and reconcile interfund account activity.

RECOMMENDATION

We recommend that the City review all interfund receivable and payables on a monthly basis and consider the need for timely settlements between funds.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

Management agrees with the finding. The City will monitor the due to/from activity and record the budgeted transfers with the year-end closing entries.

CITY OF GREENSBORO, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014
(CONTINUED)

COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY

2014-005 Intergovernmental Activity

CRITERIA

Timely and accurate financial reports are essential in order to perform analysis of the financial condition of the Authority, review data for accuracy and completeness, monitor compliance with budget appropriations, and to prepare annual financial statements.

CONDITION

The Authority did not post intergovernmental activity paid for by the City.

CONTEXT

Material audit adjustments of \$144,845 and \$23,799 were required to record the payoff of the Festival Hall loan and the purchase of sound system equipment by the City for the Authority.

EFFECT

The Authority's accounting records contained material errors which were identified and corrected during the annual audit process.

CAUSE

The Authority lacked adequate accounting procedures to monitor and reconcile intergovernmental activity.

RECOMMENDATION

We recommend that the Authority establish procedures to reconcile intergovernmental activity with the City on a monthly basis.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

Management agrees with the finding. The City and the Authority will monitor the monthly activity between the two entities to ensure that all intergovernmental is recorded by the Authority.

CITY OF GREENSBORO, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014
(CONTINUED)

COMPLIANCE FINDING

2014-006 Violation of Georgia Law – SPLOST Funds

CRITERIA

The official Code of Georgia (OCCG) Section 48-8-121(a)(1) requires that SPLOST proceeds cannot in any manner be commingled with other City funds prior to their expenditure. State law also prohibits the expenditure of SPLOST monies for any purposes that were not approved in the SPLOST referendum.

CONDITION

In FY2014, the City advanced 2009 SPLOST funds to the Capital Improvements Fund in anticipation of a local match for a TEA Grant project.

CONTEXT

At September 30, 2014, the Capital Improvement Fund owed \$171,665 to the 2009 SPLOST Fund. In April 2014, the City advanced \$200,000 of SPLOST Funds to the Capital Improvement Fund in anticipation of a local match for a TEA Grant. Out of the advance, \$28,635 was for expenditures per the 2009 referendum.

EFFECT

The City is in violation of OCGA Section 48-8-121(a)(1).

CAUSE

The City was unaware of the requirements of the state law.

RECOMMENDATION

We recommend that the City reimburse the SPLOST fund for the advance. In addition, the City should closely monitor future SPLOST activity to ensure compliance with State law.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

Management agrees with the finding. The Capital Improvements Fund has reimbursed the 2009 SPLOST fund for the unspent portion of the local match of the grant project. The City will closely monitor the SPLOST activity to ensure that SPLOST funds are spent in accordance with the law.

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