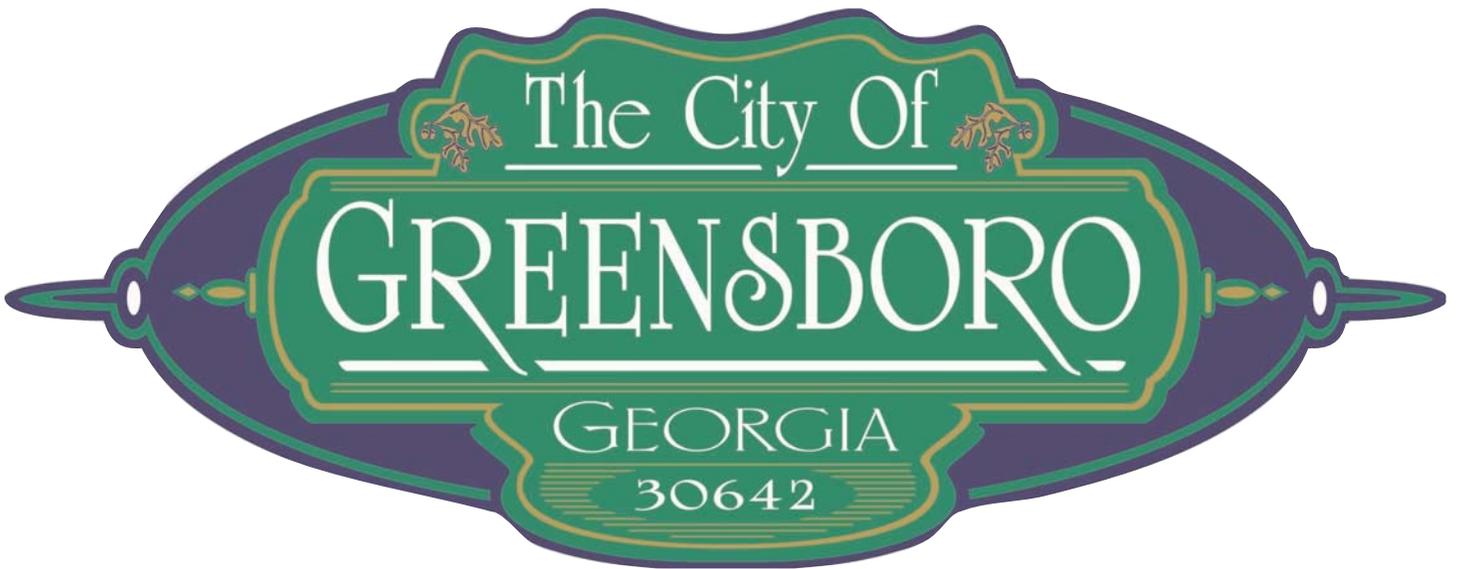


CITY OF GREENSBORO GEORGIA



ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2017

CITY OF GREENSBORO, GEORGIA

**INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2017**

CITY OF GREENSBORO, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

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CITY OF GREENSBORO, GEORGIA

ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

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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, 2017, 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, 2017, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the fiscal year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 4 through 13, the schedule of changes in the City's net pension liability and related ratios on page 55, the schedule of City contributions on page 56, and the notes to the required supplementary information on page 57 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Greensboro, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements and schedules, the schedule of project expenditures with special sales tax proceeds, the component unit's financial statements, and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 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, the component unit's financial statements, and the schedule of expenditures of federal awards 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, the component unit's financial statements, and the schedule of expenditures of federal awards 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 4, 2018 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 4, 2018

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, 2017. 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 2017 by \$18,785,674 (total net position). Of this amount, \$2,150,092, (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 increased by \$1,433,043 during the most recent fiscal year resulting from governmental and business-type activities.
- At the close of fiscal year 2017, the City's governmental funds reported combined ending fund balances of \$1,369,182. This is an increase of \$256,155 from prior year.
- At the end of the fiscal year, the total fund balance for the general fund was \$641,557. This is an increase of \$179,259 from prior year.

Overview of the Financial Statements

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

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

The statement of net position presents information on all of the City's assets, deferred outflow of resources, deferred inflows of resources 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.

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

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

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

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

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

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

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

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

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

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

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

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

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. The assets and deferred outflow of resources exceeded the liabilities and deferred inflow of resources at the close of fiscal year 2017 by \$18,785,674.

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

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 \$15,168,563 or 80.8%. 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.

An additional portion of the City's net position, \$1,467,019 or 7.8% represents resources that are subject to external restrictions on how they may be used. Of this amount, \$91,475 is restricted for cemetery maintenance, \$6,171 is restricted for public safety, and \$629,979 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 \$739,394; 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, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

City of Greensboro Net Position

	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Assets:						
Current assets	\$ 1,705,117	\$ 1,601,079	\$ 2,232,216	\$ 2,234,408	\$ 3,937,333	\$ 3,835,487
Other assets	-	-	2,200,653	2,175,586	2,200,653	2,175,586
Capital assets	5,612,828	4,712,664	11,012,466	11,078,116	16,625,294	15,790,780
Total assets	<u>7,317,945</u>	<u>6,313,743</u>	<u>15,445,335</u>	<u>15,488,110</u>	<u>22,763,280</u>	<u>21,801,853</u>
Deferred Outflows of Resources:						
Deferred charge on refunding	-	-	33,019	49,528	33,019	49,528
Deferred outflows related to pensions	309,685	319,612	102,125	124,293	411,810	443,905
Total deferred outflows of resources	<u>309,685</u>	<u>319,612</u>	<u>135,144</u>	<u>173,821</u>	<u>444,829</u>	<u>493,433</u>
Liabilities:						
Current liabilities	342,095	496,533	732,391	716,980	1,074,486	1,213,513
Long-term liabilities	560,808	537,366	2,666,323	3,122,371	3,227,131	3,659,737
Total liabilities	<u>902,903</u>	<u>1,033,899</u>	<u>3,398,714</u>	<u>3,839,351</u>	<u>4,301,617</u>	<u>4,873,250</u>
Deferred Inflow of Resources:						
Deferred inflows related to pensions	90,856	49,972	29,962	19,433	120,818	69,405
Total deferred inflow of resources	<u>90,856</u>	<u>49,972</u>	<u>29,962</u>	<u>19,433</u>	<u>120,818</u>	<u>69,405</u>
Net position:						
Net investment in capital assets	5,612,828	4,712,664	9,555,735	9,233,140	15,168,563	13,945,804
Restricted for debt service	-	-	739,394	723,870	739,394	723,870
Restricted for capital outlay	629,979	548,929	-	-	629,979	548,929
Restricted for other purposes	97,646	101,800	-	-	97,646	101,800
Unrestricted	293,418	186,091	1,856,674	1,846,137	2,150,092	2,032,228
Total net position	<u>\$ 6,633,871</u>	<u>\$ 5,549,484</u>	<u>\$ 12,151,803</u>	<u>\$ 11,803,147</u>	<u>\$ 18,785,674</u>	<u>\$ 17,352,631</u>

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

City of Greensboro Changes in Net Position

	Governmental		Business-Type		Total	
	Activities		Activities			
Revenues:	2017	2016	2017	2016	2017	2016
Program Revenues:						
Charges for services	\$ 99,197	\$ 98,453	\$ 5,573,094	\$ 5,064,578	\$ 5,672,291	\$ 5,163,031
Operating grants/contributions	600,049	392,878	-	-	600,049	392,878
Capital grants/contributions	1,946,424	1,122,494	367,101	92,523	2,313,525	1,215,017
General Revenues:						
Property taxes	572,494	582,135	-	-	572,494	582,135
Sales tax	774,961	711,181	-	-	774,961	711,181
Franchise tax	344,804	356,379	-	-	344,804	356,379
Other tax	562,822	573,611	-	-	562,822	573,611
Investment earnings	1,792	1,239	11,251	7,004	13,043	8,243
Miscellaneous	77,753	71,260	28,966	-	106,719	71,260
Total revenue	4,980,296	3,909,630	5,980,412	5,164,105	10,960,708	9,073,735
Expenses:						
General Government	736,795	668,879	-	-	736,795	668,879
Judicial	69,943	81,278	-	-	69,943	81,278
Public safety	2,005,613	2,049,482	-	-	2,005,613	2,049,482
Public works	1,214,770	1,478,797	-	-	1,214,770	1,478,797
Health and welfare	-	903	-	-	-	903
Culture and recreation	115,635	216,478	-	-	115,635	216,478
Housing and development	656,444	636,328	-	-	656,444	636,328
Water and sewer	-	-	1,844,910	1,908,676	1,844,910	1,908,676
Natural gas	-	-	2,883,555	2,404,411	2,883,555	2,404,411
Total expenses	4,799,200	5,132,145	4,728,465	4,313,087	9,527,665	9,445,232
Change in net position before transfers	181,096	(1,222,515)	1,251,947	851,018	1,433,043	(371,497)
Transfers	903,291	997,776	(903,291)	(997,776)	-	-
Change in net position	1,084,387	(224,739)	348,656	(146,758)	1,433,043	(371,497)
Net Position, beginning	5,549,484	5,774,223	11,803,147	11,949,905	17,352,631	17,724,128
Net Position, ending	\$ 6,633,871	\$ 5,549,484	\$ 12,151,803	\$ 11,803,147	\$ 18,785,674	\$ 17,352,631

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

Revenues. Sales tax of \$774,961 and property tax of \$572,494 accounted for 57.72% of total general revenues.

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

- Public safety – fire protection funds of \$34,077 and student resource officer funds of \$244,796 received from Greene County.
- Public works – Local Maintenance & Improvement Grant funds in the amount of \$48,277 from Georgia Department of Transportation.
- Community Home Investment Program for renovation projects in the amount of \$262,051.

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

- SPLOST revenue and interest earnings on the SPLOST funds in the amount of \$887,622.
- CDBG redevelopment fund grant for economic development in the amount of \$40,847.
- CDBG grant for water improvements in the amount of \$473,050.
- Grant from the Department of Transportation in the amount of \$544,905 for transportation enhancements.

Expenses. The total expense for the governmental activities is \$4,799,200. The largest expenditure is public safety. Public safety includes the police & fire. The total public safety expense is \$2,005,613 or 41.8% of total governmental activity expense.

Business-type activities. The change in net position for the Business-type activities was an increase of \$348,656. However, this includes transfers to governmental funds in the amount of \$903,291.

Revenues. Water and sewer operating revenue was \$2,149,867. Natural gas operating revenue was \$3,423,227. 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 \$1,754,846. Natural gas operating expense was \$2,825,495.

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.

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$1,369,182. 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, 2017 was \$228,969; Natural Gas Fund \$1,627,705. The total change in Water and Sewer net position was an increase of \$263,309 the Water and Sewer fund had a net income of \$312,731 before contributions and transfers. The Natural Gas fund's net position increased by \$85,347; the Natural Gas fund had a net income of \$663,941 before contributions and transfers.

General Fund Budgetary Highlights

Differences between the original budgeted expenditures and the final amended budgeted expenditures are approximately \$33,000 or 1% of the original budget. The increase in budgeted expenditures is attributable primarily for legal expenditures in the governing body department. Budgeted revenues increased from the original budget in the amount of \$33,000. The increase is for insurance premium tax.

During the year, actual revenues were more than budgetary estimates by \$75,514 and actual expenditures were more than budgetary estimates by \$6,332.

Capital Assets and Debt Administration

Capital Assets. The City's capital asset balance for its governmental and business-type activities as of September 30, 2017 amounts to \$16,625,294 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, infrastructure, building, equipment and vehicles. (Note 8)

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

Governmental-type activities:

- The Street department purchased a mower which totaled \$27,500.
- Playground equipment was installed at Robinson Park totaling \$42,284.
- The Street department purchased a vehicle and equipment totaling \$55,004.
- The Street department installed an equipment shed totaling \$50,488.
- The City continued the I-20 Corridor project. During 2017 fiscal year, \$477,494 was spent on this project.

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

- The City continued the Reynolds Drive project. During fiscal year 2017, \$3,510 was spent on this project.
- The City completed the Mill Street Storm Sewer Project. During fiscal year 2017, \$473,050 was spent on this project. The total cost of the project was \$736,163

Business-type activities:

- The City continued improvements to the Water & Sewer System totaling \$89,599 during fiscal year 2017.
- The City completed extensions to the Water & Sewer System totaling \$275,276 during fiscal year 2017.
- The Gas fund completed extensions to the system in the amount of \$56,057.

City of Greensboro						
Capital Assets						
(net of depreciation)						
	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land	\$ 1,191,843	\$ 1,191,843	\$ 394,874	\$ 394,874	\$ 1,586,717	\$ 1,586,717
Construction in progress	1,274,095	1,010,921	74,367	162,279	1,348,462	1,173,200
Building & improvements	921,265	900,630	9,364,130	8,894,689	10,285,395	9,795,319
Infrastructure	1,481,571	818,567	963,989	1,296,419	2,445,560	2,114,986
Equipment	233,288	163,123	208,480	319,374	441,768	482,497
Furniture & fixtures	812	1,135	-	-	812	1,135
Vehicles	509,954	626,445	6,626	10,481	516,580	636,926
Total	\$ 5,612,828	\$ 4,712,664	\$ 11,012,466	\$ 11,078,116	\$ 16,625,294	\$ 15,790,780

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 \$2,914,631. Water and Sewerage Revenue Bonds account for \$642,050. 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 \$ 1,457,900 at year end. There is a note payable to GEFA in the Water Sewer Fund of \$814,681.

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

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

City of Greensboro
Outstanding Debt

	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenue Bonds	\$ -	\$ -	\$ 2,099,950	\$ 2,492,049	\$ 2,099,950	\$ 2,492,049
Notes Payable	-	-	814,681	877,926	814,681	877,926
Total	\$ -	\$ -	\$ 2,914,631	\$ 3,369,975	\$ 2,914,631	\$ 3,369,975

Economic Factors and Budgeting Considerations

Economic activity continues to improve in the City of Greensboro. Sales tax revenue is a good indicator of improvement in the economy. During FY2017, sales tax revenue increased approximately 9%.

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

Requests for Information

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

FINANCIAL STATEMENTS

CITY OF GREENSBORO, GEORGIA

STATEMENT OF NET POSITION
SEPTEMBER 30, 2017

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Better Hometown	Downtown Development Authority
<u>ASSETS</u>					
Current Assets					
Cash and cash equivalents	\$ 993,216	\$ 822	\$ 994,038	\$ 16,645	\$ 21,598
Certificate of deposit	110,384	250,456	360,840	-	-
Restricted cash and cash equivalents:					
Cash and cash equivalents	-	768,761	768,761	-	-
Certificate of deposit	-	538,842	538,842	-	-
Receivables, net of allowance					
Taxes	20,889	-	20,889	-	-
Accounts	59,834	619,862	679,696	-	-
Intergovernmental	480,570	-	480,570	5,443	500
Internal balances	(19,742)	19,742	-	-	-
Prepays	59,966	33,731	93,697	-	-
Total Current Assets	1,705,117	2,232,216	3,937,333	22,088	22,098
Noncurrent Assets					
Investment-joint venture	-	2,200,653	2,200,653	-	-
Capital assets					
Nondepreciable	2,465,938	469,242	2,935,180	-	50,000
Depreciable, net of accumulated depreciation	3,146,890	10,543,224	13,690,114	-	1,780,824
Total Noncurrent Assets	5,612,828	13,213,119	18,825,947	-	1,830,824
Total Assets	7,317,945	15,445,335	22,763,280	22,088	1,852,922
<u>DEFERRED OUTFLOW OF RESOURCES</u>					
Deferred charge on refunding	-	33,019	33,019	-	-
Deferred outflows of resources related to pensions	309,685	102,125	411,810	-	-
Total Deferred Outflow of Resources	309,685	135,144	444,829	-	-

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

CITY OF GREENSBORO, GEORGIA

STATEMENT OF NET POSITION
SEPTEMBER 30, 2017
(CONTINUED)

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Better Hometown	Downtown Development Authority
<u>LIABILITIES</u>					
Accounts payable	271,887	244,254	516,141	-	-
Accrued expenses	42,968	10,782	53,750	-	4,708
Customer deposits	-	31,153	31,153	-	-
Due to primary government	-	-	-	-	735
Noncurrent liabilities					
Due within one year:					
Notes payable	-	63,246	63,246	-	-
Revenue bonds payable	-	370,000	370,000	-	-
Compensated absences	27,240	12,956	40,196	-	-
Due in more than one year:					
Notes payable	-	751,435	751,435	-	-
Revenue bonds payable	-	1,729,950	1,729,950	-	-
Net pension liability	560,808	184,938	745,746	-	-
Total Liabilities	902,903	3,398,714	4,301,617	-	5,443
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Inflows of resources related to pensions	90,856	29,962	120,818	-	-
Total Deferred Inflows of Resources	90,856	29,962	120,818	-	-
<u>NET POSITION</u>					
Net investment in capital assets	5,612,828	9,555,735	15,168,563	-	1,830,824
Restricted for					
Debt service	-	739,394	739,394	-	-
Cemetery maintenance	91,475	-	91,475	-	-
Law enforcement	6,171	-	6,171	-	-
Capital outlay	629,979	-	629,979	-	-
Unrestricted	293,418	1,856,674	2,150,092	22,088	16,655
Total Net Position	\$ 6,633,871	\$ 12,151,803	\$ 18,785,674	\$ 22,088	\$ 1,847,479

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, 2017

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 736,795	\$ 99,197	\$ 10,848	\$ -
Judicial	69,943	-	-	-
Public safety	2,005,613	-	278,873	-
Public works	1,214,770	-	48,277	1,946,424
Culture and recreation	115,635	-	-	-
Housing and development	656,444	-	262,051	-
Total Governmental Activities	<u>4,799,200</u>	<u>99,197</u>	<u>600,049</u>	<u>1,946,424</u>
Business-Type Activities				
Water & Sewer	1,844,910	2,149,867	-	275,276
Gas System	2,883,555	3,423,227	-	91,825
Total Business-Type Activities	<u>4,728,465</u>	<u>5,573,094</u>	<u>-</u>	<u>367,101</u>
Total Primary Government	<u>\$ 9,527,665</u>	<u>\$ 5,672,291</u>	<u>\$ 600,049</u>	<u>\$ 2,313,525</u>
Component Units				
Better Hometown	\$ 81,255	\$ -	\$ 89,428	\$ -
Downtown Development Authority	92,317	-	5,500	7,900
Total Component Units	<u>\$ 173,572</u>	<u>\$ -</u>	<u>\$ 94,928</u>	<u>\$ 7,900</u>

General Revenues

Property tax
Sales tax
Franchise tax
Other tax
Investment earnings
Miscellaneous

Total General Revenues

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning of year
Net Position - End of year

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

CITY OF GREENSBORO, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017
(CONTINUED)

Net (Expense) Revenue and Changes in Net Position			Component Units	
Primary Government				
Governmental Activities	Business-Type Activities	Total	Better Hometown	Downtown Development Authority
\$ (626,750)	\$ -	\$ (626,750)		
(69,943)	-	(69,943)		
(1,726,740)	-	(1,726,740)		
779,931	-	779,931		
(115,635)	-	(115,635)		
(394,393)	-	(394,393)		
<u>(2,153,530)</u>	<u>-</u>	<u>(2,153,530)</u>		
-	580,233	580,233		
-	631,497	631,497		
<u>-</u>	<u>1,211,730</u>	<u>1,211,730</u>		
<u>(2,153,530)</u>	<u>1,211,730</u>	<u>(941,800)</u>		
			\$ 8,173	\$ -
			-	(78,917)
			<u>8,173</u>	<u>(78,917)</u>
572,494	-	572,494	-	-
774,961	-	774,961	-	-
344,804	-	344,804	-	-
562,822	-	562,822	-	-
1,792	11,251	13,043	13	2
77,753	28,966	106,719	-	19,640
<u>2,334,626</u>	<u>40,217</u>	<u>2,374,843</u>	<u>13</u>	<u>19,642</u>
903,291	(903,291)	-	-	2,325
<u>3,237,917</u>	<u>(863,074)</u>	<u>2,374,843</u>	<u>13</u>	<u>21,967</u>
1,084,387	348,656	1,433,043	8,186	(56,950)
5,549,484	11,803,147	17,352,631	13,902	1,904,429
<u>\$ 6,633,871</u>	<u>\$ 12,151,803</u>	<u>\$ 18,785,674</u>	<u>\$ 22,088</u>	<u>\$ 1,847,479</u>

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

CITY OF GREENSBORO, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017

	General Fund	SPLOST 2015	Capital Improvements Fund	Non-Major Governmental Funds	Total Governmental Funds
<u>ASSETS</u>					
Cash and cash equivalent	\$ 234,199	\$ 740,819	\$ -	\$ 18,198	\$ 993,216
Certificates of deposit	30,737	-	-	79,647	110,384
Receivables, net of allowance					
Taxes	20,889	-	-	-	20,889
Accounts	52,955	-	-	6,879	59,834
Intergovernmental	81,729	152,737	246,104	-	480,570
Due from other funds	373,071	-	-	3,334	376,405
Prepays	59,966	-	-	-	59,966
Total Assets	\$ 853,546	\$ 893,556	\$ 246,104	\$ 108,058	\$ 2,101,264
<u>LIABILITIES</u>					
Accounts payable	\$ 103,631	\$ 163,211	\$ -	\$ 5,045	\$ 271,887
Accrued expenses	42,968	-	-	-	42,968
Due to other funds	44,310	103,897	246,104	1,836	396,147
Total Liabilities	190,909	267,108	246,104	6,881	711,002
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Unavailable revenue - property taxes	21,080	-	-	-	21,080
Total Deferred Inflows of Resources	21,080	-	-	-	21,080
<u>FUND BALANCES</u>					
Nonspendable	59,966	-	-	-	59,966
Restricted	-	626,448	-	101,177	727,625
Unassigned	581,591	-	-	-	581,591
Total Fund Balances	641,557	626,448	-	101,177	1,369,182
Total Liabilities, Deferred inflows of Resources and Fund Balances	\$ 853,546	\$ 893,556	\$ 246,104	\$ 108,058	\$ 2,101,264

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, 2017

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

Total Fund Balances - Governmental Funds	\$ 1,369,182
Capital Assets	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Cost of the assets	8,913,909
Accumulated depreciation	(3,301,081)
Deferred outflows of resources	
Related to pensions	309,685
Long-term Liabilities	
Long-term liabilities, including capital lease payable, are not due and payable in the current period and, therefore, are not reported in the funds.	
Compensated absences	(27,240)
Net pension liability	(560,808)
Deferred inflows of resources	
Related to pensions	(90,856)
Revenues	
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.	
	<u>21,080</u>
Total Net Position of Governmental Activities	<u><u>\$ 6,633,871</u></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, 2017

	General Fund	SPLOST 2015	Capital Improvements Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES					
Taxes					
Property tax	\$ 574,332	\$ -	\$ -	\$ -	\$ 574,332
Sales tax	774,961	-	-	-	774,961
Other taxes	850,326	-	-	57,301	907,627
License and permits	18,195	-	-	-	18,195
Intergovernmental	337,998	887,622	544,905	775,948	2,546,473
Charges for Services	358	-	-	-	358
Fines & forfeitures	80,644	-	-	-	80,644
Interest earnings	1,453	-	-	339	1,792
Miscellaneous revenues	57,047	-	-	13,620	70,667
Total Revenues	2,695,314	887,622	544,905	847,208	4,975,049
EXPENDITURES					
Current					
General government	637,258	-	-	23,200	660,458
Judicial	69,943	-	-	-	69,943
Public safety	1,814,207	22,195	-	1,684	1,838,086
Public works	548,620	578,775	-	2,691	1,130,086
Culture and recreation	86,841	-	-	17,149	103,990
Housing and development	394,393	-	-	262,051	656,444
Capital Outlay	-	202,191	450,665	517,407	1,170,263
Total Expenditures	3,551,262	803,161	450,665	824,182	5,629,270
Excess (Deficiency) of Revenues Over (Under) Expenditures	(855,948)	84,461	94,240	23,026	(654,221)
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	1,031,632	-	-	3,510	1,035,142
Transfers to other funds	(3,510)	-	(94,240)	(34,101)	(131,851)
Sale of assets	7,085	-	-	-	7,085
Total other financing sources (uses)	1,035,207	-	(94,240)	(30,591)	910,376
Net change in fund balances	179,259	84,461	-	(7,565)	256,155
Fund Balance, beginning of year	462,298	541,987	-	108,742	1,113,027
Fund Balance, end of year	\$ 641,557	\$ 626,448	\$ -	\$ 101,177	\$ 1,369,182

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, 2017

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

Net change in fund balances - total governmental funds \$ 256,155

Capital Assets

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

Total capital outlays 1,182,102
Total depreciation (281,938)

Deferred outflows of resources related to pensions is not available during the current period and therefore is not reported in the funds.

Change in deferred outflows of resources related to pensions (9,927)

Long-term Debt

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

Compensated absences 4,159
Net pension liability (23,442)

Deferred inflows of resources related to pensions is not available during the current period and therefore is not reported in the funds.

Change in deferred inflows of resources related to pensions (40,884)

Revenues

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

(1,838)

Change in Net Position of Governmental Activities \$ 1,084,387

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, 2017

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
<u>REVENUES</u>				
Taxes				
Property	\$ 572,100	\$ 580,100	\$ 574,332	\$ (5,768)
Sales	700,000	700,000	774,961	74,961
Franchise	354,000	354,000	344,804	(9,196)
Insurance premium	180,000	205,000	209,649	4,649
Occupational	55,000	55,000	51,274	(3,726)
Alcoholic beverage	83,000	83,000	85,632	2,632
Other	166,300	166,300	158,967	(7,333)
Licenses and permits	5,000	5,000	18,195	13,195
Intergovernmental	305,000	305,000	337,998	32,998
Charges for services	400	400	358	(42)
Fines and forfeitures	108,000	108,000	80,644	(27,356)
Investment earnings	5,000	5,000	1,453	(3,547)
Miscellaneous	53,000	53,000	57,047	4,047
Total Revenues	2,586,800	2,619,800	2,695,314	75,514
<u>EXPENDITURES</u>				
Current				
General government				
Governing Body	99,880	129,880	146,693	(16,813)
City Manager	88,300	88,300	93,564	(5,264)
Financial Administration	334,310	334,310	397,001	(62,691)
Judicial				
Municipal Court	78,020	78,020	54,805	23,215
Public Defender	30,000	30,000	15,138	14,862
Public safety				
Police Protection	1,697,490	1,697,490	1,695,491	1,999
Fire Protection	121,950	121,950	88,716	33,234
Animal Control	30,000	30,000	30,000	-
Public works				
Highways and Streets	525,800	525,800	513,861	11,939
Maintenance Shop	11,960	14,960	21,204	(6,244)
Cemetery	17,000	17,000	13,555	3,445
Health and Welfare				
Community Services	10,700	10,700	-	10,700
Culture and recreation				
Recreation	76,600	76,600	86,841	(10,241)

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, 2017
 (CONTINUED)

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
Housing and development				
Planning and Zoning	126,600	126,600	92,418	34,182
Economic Development	114,380	114,380	124,976	(10,596)
Downtown Development	148,940	148,940	176,999	(28,059)
Total Expenditures	3,511,930	3,544,930	3,551,262	(6,332)
Excess of Revenue Over (Under) Expenditure	(925,130)	(925,130)	(855,948)	69,182
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfer from other funds	915,130	915,130	1,031,632	116,502
Transfer to other funds	-	-	(3,510)	(3,510)
Proceeds from sale of property	-	-	7,085	7,085
Total Other Financing Sources (Uses)	915,130	915,130	1,035,207	120,077
Net change in fund balance	(10,000)	(10,000)	179,259	189,259
Fund balance, beginning of year	462,298	462,298	462,298	-
Fund balance, end of year	\$ 452,298	\$ 452,298	\$ 641,557	\$ 189,259

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, 2017

	Business-type Activities- Enterprise Funds		
	Water & Sewer Fund	Gas System	Total
<u>ASSETS</u>			
Current Assets			
Cash and cash equivalents	\$ 383	\$ 439	\$ 822
Certificates of deposit	7,889	242,567	250,456
Restricted cash	200,552	568,209	768,761
Restricted certificates of deposit	538,842	-	538,842
Accounts receivable, net	293,773	326,089	619,862
Due from other funds	40,977	-	40,977
Prepaid expenses	30,920	2,811	33,731
Total Current Assets	1,113,336	1,140,115	2,253,451
Long-Term Assets			
Investment-joint venture	-	2,200,653	2,200,653
Capital assets:			
Nondepreciable	468,916	326	469,242
Depreciable, net	9,486,168	1,057,056	10,543,224
Total capital assets, net	9,955,084	1,057,382	11,012,466
Total Long-Term Assets	9,955,084	3,258,035	13,213,119
Total Assets	11,068,420	4,398,150	15,466,570
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred charge on refunding	33,019	-	33,019
Deferred outflows of resources related to pensions	85,539	16,586	102,125
Total Deferred Outflows of Resources	118,558	16,586	135,144

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, 2017
 (CONTINUED)

	Business-type Activities- Enterprise Funds		
	Water & Sewer Fund	Gas System	Total
<u>LIABILITIES</u>			
Current Liabilities			
Accounts payable	42,870	201,384	244,254
Accrued expenses	9,285	1,497	10,782
Customer deposits	19,852	11,301	31,153
Due to other funds	-	21,235	21,235
Compensated absences	11,625	1,331	12,956
Total current liabilities payable from unrestricted assets	83,632	236,748	320,380
Current liabilities payable from restricted assets:			
Notes payable - current	63,246	-	63,246
Revenue bonds payable - current	335,000	35,000	370,000
Total current liabilities payable from restricted assets	398,246	35,000	433,246
Total Current Liabilities	481,878	271,748	753,626
Long-term liabilities:			
Notes payable	751,435	-	751,435
Revenue bonds payable	307,050	1,422,900	1,729,950
Net pension liability	154,772	30,166	184,938
Total long-term liabilities	1,213,257	1,453,066	2,666,323
Total Liabilities	1,695,135	1,724,814	3,419,949
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred inflows of resources related to pensions	25,127	4,835	29,962
Total Deferred Inflows of Resources	25,127	4,835	29,962
<u>NET POSITION</u>			
Net investment in capital assets	8,498,353	1,057,382	9,555,735
Restricted for debt service	739,394	-	739,394
Unrestricted	228,969	1,627,705	1,856,674
Total Net Position	\$ 9,466,716	\$ 2,685,087	\$ 12,151,803

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, 2017

	Business-type Activities- Enterprise Funds		
	Water & Sewer Fund	Gas System	Total
<u>Operating revenues:</u>			
Charges and fees	\$ 2,149,867	\$ 3,423,227	\$ 5,573,094
Total operating revenues	2,149,867	3,423,227	5,573,094
<u>Operating expenses:</u>			
Salaries and benefits	670,412	135,036	805,448
Contract management	22,418	23,860	46,278
Cost of sales	-	2,423,703	2,423,703
Legal and professional	60,691	6,150	66,841
Operating materials	135,158	21,745	156,903
Other operating expenses	89,772	64,063	153,835
Repairs and maintenance	89,860	68,897	158,757
Small equipment	1,508	-	1,508
Utilities	250,818	29,668	280,486
Depreciation	434,209	52,373	486,582
Total operating expenses	1,754,846	2,825,495	4,580,341
Operating income (loss)	395,021	597,732	992,753
<u>Nonoperating revenues (expenses):</u>			
Interest income	4,374	6,877	11,251
Investment gain-joint venture	-	25,067	25,067
Intergovernmental revenue	-	91,825	91,825
Interest expense	(90,064)	(58,060)	(148,124)
Gain on sale of property	3,400	500	3,900
Total nonoperating revenues (expenses)	(82,290)	66,209	(16,081)
Income (loss) before contributions and transfers	312,731	663,941	976,672

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, 2017
 (CONTINUED)

	Business-type Activities- Enterprise Funds		
	Water & Sewer Fund	Gas System	Total
Capital contributions	275,276	-	275,276
Transfers out	(324,698)	(578,594)	(903,292)
Change in net position	263,309	85,347	348,656
Net Position - Beginning of Year	9,203,407	2,599,740	11,803,147
Net Position - End of Year	\$ 9,466,716	\$ 2,685,087	\$ 12,151,803

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, 2017

	Business-type Activities- Enterprise Funds		
	Water & Sewer Fund	Gas System	Total
<u>Cash Flows from Operating Activities:</u>			
Cash received from customers	\$ 2,216,137	\$ 3,381,088	\$ 5,597,225
Cash paid to suppliers for goods and services	(668,708)	(2,613,809)	(3,282,517)
Cash paid to employees	(663,413)	(133,128)	(796,541)
Net Cash Flows Provided by (Used for) Operating Activities	884,016	634,151	1,518,167
<u>Cash Flows from Noncapital Financing Activities:</u>			
Transfers	(324,698)	(578,594)	(903,292)
Net Cash Flows Provided by (Used for) Noncapital Financing Activities	(324,698)	(578,594)	(903,292)
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Principal payments on revenue bonds and notes	(388,245)	(35,000)	(423,245)
Interest and fiscal charges on revenue bonds and notes	(77,928)	(62,012)	(139,940)
Intergovernmental revenue	-	91,825	91,825
Proceeds from the sale of assets	3,400	500	3,900
Purchases of capital assets	(89,600)	(56,057)	(145,657)
Net Cash Flows Provided by (Used for) Capital and Related Financing Activities	(552,373)	(60,744)	(613,117)
<u>Cash Flows from Investing Activities:</u>			
Interest income	4,374	6,877	11,251
Net Cash Flows Provided by (Used for) Investing Activities	4,374	6,877	11,251
Net Increase (Decrease) in Cash and Cash Equivalents	11,319	1,690	13,009
Cash and Cash Equivalents, Beginning of Year	189,616	566,958	756,574
Cash and Cash Equivalents, End of Year	\$ 200,935	\$ 568,648	\$ 769,583

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, 2017
 (CONTINUED)

	Business-type Activities- Enterprise Funds		
	Water & Sewer Fund	Gas System	Total
Classified as:			
Current assets	\$ 383	\$ 439	\$ 822
Restricted assets	200,552	568,209	768,761
Total Cash and Cash Equivalents, End of Year	<u>\$ 200,935</u>	<u>\$ 568,648</u>	<u>\$ 769,583</u>
Reconciliation of Net Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities			
Net Operating Income (Loss)	\$ 395,021	\$ 597,732	\$ 992,753
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Depreciation and amortization	434,209	52,373	486,582
Changes in Assets and Liabilities:			
(Increase) decrease in accounts receivable	85,484	(42,054)	43,430
(Increase) decrease in due from other funds	(20,132)	-	(20,132)
(Increase) decrease in prepaid expenses	(3,804)	4,878	1,074
(Increase) decrease in deferred outflows - pensions	18,143	4,025	22,168
Increase (decrease) in accounts payable	(14,679)	19,399	4,720
Increase (decrease) in accrued liabilities	(87)	335	248
Increase (decrease) in customer deposits	918	(475)	443
Increase (decrease) in due to other funds	-	390	390
Increase (decrease) in net pension liability	(19,674)	(4,364)	(24,038)
Increase (decrease) in deferred inflows - pensions	8,617	1,912	10,529
Total Adjustments	<u>488,995</u>	<u>36,419</u>	<u>525,414</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ 884,016</u>	<u>\$ 634,151</u>	<u>\$ 1,518,167</u>

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

NOTES TO THE FINANCIAL STATEMENTS

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Policies

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

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

A. Reporting Entity

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

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

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

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

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(CONTINUED)

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

B. Government-Wide and Fund Financial Statements

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

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

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

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

Government-Wide Financial Statements

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

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

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(CONTINUED)

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

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

Fund Financial Statements

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

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

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

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

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

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(CONTINUED)

The government reports the following major governmental funds:

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

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

Capital Improvements Fund – The Capital Improvements Fund is used to account for the federal grant monies passed through the Georgia Department of Transportation to be used for transportation enhancement projects.

The government reports the following major proprietary funds:

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

Additionally, the government reports the following fund types:

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

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

D. Deposits and Investments

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

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(CONTINUED)

E. Receivables

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

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

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

F. Inventories

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

G. Prepaid Items

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

H. Capital Assets

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred by the City during the current year was \$148,124. Of this amount, none was applicable to construction of capital assets.

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(CONTINUED)

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

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

I. Compensated Absences

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

J. Deferred Inflows / Outflows of Resources

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

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

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(CONTINUED)

K. Long-Term Obligations

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

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

L. Fund Equity

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

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

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

- Committed
- Assigned
- Unassigned

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2017
 (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, 2017:

	General Fund	2015 SPLOST	Nonmajor Governmental	Total
Fund Balances				
Nonspendable:				
Prepays	\$ 59,966	\$ -	\$ -	\$ 59,966
Restricted for:				
Cemetery Maintenance	-	-	91,475	91,475
Law enforcement	-	-	6,171	6,171
Capital outlay	-	626,448	3,531	629,979
Unassigned	581,591	-	-	581,591
Total fund balance	\$ 641,557	\$ 626,448	\$ 101,177	\$ 1,369,182

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, 2017
(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 as follows:

<u>General Fund:</u>	
Governing Body	\$ 16,813
City Manager	5,264
Financial Administration	62,691
Maintenance Shop	6,244
Recreation	10,241
Economic Development	10,596
Downtown Development	28,059
Transfer to other funds	3,510

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, 2017 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, 2017
 (CONTINUED)

At September 30, 2017, the City’s certificates of deposits were as follows:

CD’s	Maturity	Amount
Certificates of Deposit – Nonmajor Governmental Fund	12 months	\$ 79,647
Certificates of Deposit – General Fund	12 months	30,737
Certificates of Deposit – Water & Sewer Fund	30 days	118,318
Certificates of Deposit – Water & Sewer Fund	30 days	254,866
Certificates of Deposit – Water & Sewer Fund	6 months	128,479
Certificates of Deposit – Water & Sewer Fund	12 months	7,889
Certificates of Deposit – Water & Sewer Fund	12 months	37,179
Certificates of Deposit – Gas Fund	12 months	242,567

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, 2017, the City’s only investments were in certificates of deposit.

NOTE 4 – PROPERTY TAXES

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

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

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

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2017
 (CONTINUED)

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

The property tax calendar is as follows:

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

Property taxes receivable have been reduced to their estimated net realizable value. Estimated uncollectible amounts are based upon historical experience rates and result in a direct reduction of the related revenue amount at the end of the period. The 2017 tax digest receivable and amounts collected at year-end are reported as deferred inflows of resources – unavailable revenues on the Governmental Fund statements.

NOTE 5 – HOTEL/MOTEL EXCISE TAX

A summary of the hotel/motel excise tax expenditures and receipts for the year ended September 30, 2017, is as follows:

<u>Expenditures By Purpose</u>	<u>Amount</u>	<u>Tax Receipts</u>	<u>Percentage</u>
Promote tourism	\$ 23,200	\$ 57,301	40%
General Fund	<u>34,101</u>	<u>-</u>	<u>60%</u>
Total	<u>\$ 57,301</u>	<u>\$ 57,301</u>	<u>100%</u>

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2017
 (CONTINUED)

NOTE 6 – RECEIVABLES

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

	General	SPLOST 2015	Capital Improvement Fund	Water & Sewer	Gas System	Non-major Governmental	Total
Receivables:							
Taxes	\$ 104,624	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 104,624
Accounts	52,955	-	-	842,941	503,335	6,879	1,406,110
Intergovernmental	81,729	152,737	246,104	-	-	-	480,570
Gross Receivables	239,308	152,737	246,104	842,941	503,335	6,879	1,991,304
Less: allowance for uncollectibles	(83,735)	-	-	(549,168)	(177,246)	-	(810,149)
Total net receivables	\$ 155,573	\$ 152,737	\$ 246,104	\$ 293,773	\$ 326,089	\$ 6,879	\$ 1,181,155

NOTE 7 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of September 30, 2017, is as follows:

Due to / from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	SPLOST 2015 Fund	\$ 103,897
	Capital Improvement Fund	246,104
	Nonmajor Governmental	1,835
	Gas Fund	21,235
Water & Sewer Fund	General Fund	40,977
Nonmajor Governmental	General Fund	3,334
		<u>\$ 417,382</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, 2017
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Interfund transfers:

	Transfer In:		
	General Fund	Nonmajor Governmental	Total
Transfer Out:			
General Fund	\$ -	\$ 3,510	\$ 3,510
Capital Improvement Fund	94,240	-	94,240
Gas System Fund	578,594	-	578,594
Water & Sewer Fund	324,698	-	324,698
Nonmajor Governmental Funds	34,101	-	34,101
Total	\$ 1,031,633	\$ 3,510	\$ 1,035,143

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

NOTE 8 – CAPITAL ASSETS

	Beginning Balance	Increase	Decrease	Transfers/ Reclassifications	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 1,191,843	\$ -	\$ -	\$ -	\$ 1,191,843
Construction in progress	1,010,921	481,004	-	(217,830)	1,274,095
Total capital assets, not being depreciated	2,202,764	481,004	-	(217,830)	2,465,938
Capital assets, being depreciated					
Buildings	1,292,351	50,488	-	-	1,342,839
Machinery & equipment	1,225,614	124,788	(13,750)	-	1,336,652
Furniture & fixtures	12,165	-	-	-	12,165
Vehicles	1,894,876	-	(295,360)	-	1,599,516
Infrastructure	1,413,147	525,822	-	217,830	2,156,799
Total capital assets, being depreciated	5,838,153	701,098	(309,110)	217,830	6,447,971
Less accumulated depreciation for:					
Buildings	(391,721)	(29,853)	-	-	(421,574)
Machinery & equipment	(1,062,491)	(54,623)	13,750	-	(1,103,364)
Furniture & fixtures	(11,030)	(323)	-	-	(11,353)
Vehicles	(1,268,431)	(116,491)	295,360	-	(1,089,562)
Infrastructure	(594,580)	(80,648)	-	-	(675,228)
Total accumulated depreciation	(3,328,253)	(281,938)	309,110	-	(3,301,081)
Total capital assets, being depreciated, net	2,509,900	419,160	-	217,830	3,146,890
Governmental activities capital assets, net	\$ 4,712,664	\$ 900,164	\$ -	\$ -	\$ 5,612,828

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2017
 (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	162,279	89,599	-	(177,511)	74,367
Total capital assets, not being depreciated	557,153	89,599	-	(177,511)	469,241
Capital assets, being depreciated:					
Buildings and improvements	13,026,165	275,276	-	-	13,301,441
Infrastructure	5,236,906	56,057	-	177,511	5,470,474
Equipment	1,639,780	-	(72,840)	-	1,566,940
Vehicles	156,507	-	(12,296)	-	144,211
Total capital assets being depreciated	20,059,358	331,333	(85,136)	177,511	20,483,066
Less accumulated depreciation for:					
Buildings and improvements	(3,670,183)	(267,128)	-	-	(3,937,311)
Infrastructure	(4,401,780)	(104,705)	-	-	(4,506,485)
Equipment	(1,320,406)	(110,894)	72,840	-	(1,358,460)
Vehicles	(146,026)	(3,855)	12,296	-	(137,585)
Total accumulated depreciation	(9,538,395)	(486,582)	85,136	-	(9,939,841)
Total capital assets, being depreciated, net	10,520,963	(155,249)	-	177,511	10,543,225
Business-type activities capital assets, net	\$ 11,078,116	\$ (65,650)	\$ -	\$ -	11,012,466
				Less related long-term debt outstanding *	(1,456,731)
				Net investment in capital assets	\$ 9,555,735

* - 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 \$1,457,901 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, 2017
 (CONTINUED)

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

Governmental activities:

General government	\$ 6,243
Public safety	167,527
Public works	96,523
Culture and recreation	11,645
Total depreciation expense - governmental activities	<u>\$ 281,938</u>

Business-type activities:

Water and sewer	\$ 434,209
Gas system	52,373
Total depreciation expense - business-type activities	<u>\$ 486,582</u>

<u>Component Unit Activities:</u>	<u>Beginning</u>			<u>Ending</u>
	<u>Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u>
Downtown Development Authority				
Capital assets, not being depreciated:				
Land	\$ 50,000	\$ -	\$ -	\$ 50,000
Total capital asset not being depreciated	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>50,000</u>
Capital assets, being depreciated:				
Buildings	650,000	-	-	650,000
Buildings and improvements	1,500,047	-	-	1,500,047
Equipment	41,162	-	-	41,162
Total capital assets being depreciated	<u>2,191,209</u>	<u>-</u>	<u>-</u>	<u>2,191,209</u>
Less accumulated depreciation for:				
Buildings	(135,417)	(13,000)	-	(148,417)
Buildings and improvements	(210,007)	(30,001)	-	(240,008)
Equipment	(16,525)	(5,435)	-	(21,960)
Total accumulated depreciation	<u>(361,949)</u>	<u>(48,436)</u>	<u>-</u>	<u>(410,385)</u>
Total capital assets, being depreciated, net	<u>1,829,260</u>	<u>(48,436)</u>	<u>-</u>	<u>1,780,824</u>
Downtown Development Authority capital assets, net	<u>\$1,879,260</u>	<u>\$ (48,436)</u>	<u>\$ -</u>	<u>\$1,830,824</u>

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

Component Unit

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

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2017
 (CONTINUED)

NOTE 9 – LONG-TERM DEBT

Changes in long-term liabilities

Long-term liability activity for the year ended September 30, 2017, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences	\$ 31,399	\$ 55,575	\$ (59,734)	\$ 27,240	\$ 27,240
Net pension liability	537,366	23,442	-	560,808	-
Governmental activity long-term liabilities	<u>\$ 568,765</u>	<u>\$ 79,017</u>	<u>\$ (59,734)</u>	<u>\$ 588,048</u>	<u>\$ 27,240</u>
Business-type activities:					
Compensated absences	\$ 14,269	\$ 15,962	\$ (17,275)	\$ 12,956	\$ 12,956
Notes payable	877,926	-	(63,245)	814,681	63,246
Revenue bonds payable	2,492,049	-	(359,999)	2,132,050	370,000
Deferred amounts:					
Less: Bond discount	(33,334)	-	1,235	(32,099)	-
Net pension liability	208,976	-	(24,038)	184,938	-
Business-type activity long-term liabilities	<u>\$ 3,559,886</u>	<u>\$ 15,962</u>	<u>\$ (463,322)</u>	<u>\$ 3,112,526</u>	<u>\$ 446,202</u>

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

Revenue Bonds

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

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

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2017
 (CONTINUED)

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

Sinking Fund		
Year	Principal	Interest
2018	\$ 335,000	\$ 31,866
2019	307,050	26,038
Total	\$ 642,050	\$ 57,904

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 2017, the City received \$91,825 from Tri-County Natural Gas as reimbursement for principal and interest paid by the City on these bonds. This revenue is reflected as intergovernmental revenue on the Statement of Revenues, Expenses and Changes in Net Position.

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

Sinking Fund		
Year	Principal	Interest
2018	\$ 35,000	\$ 56,125
2019	40,000	55,375
2020	40,000	54,375
2021	40,000	53,175
2022	40,000	51,975
2023-2027	225,000	239,241
2028-2032	265,000	195,163
2033-2037	320,000	136,587
2038-2042	395,000	62,109
2043	90,000	1,912
Total	\$ 1,490,000	\$ 906,037

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2017
 (CONTINUED)

Notes Payable

Project 2004-L15-WJ – The Water & Sewer Fund is obligated under a 20-year term note to the Georgia Environmental Facilities Authority. As of September 30, 2017, drawdowns from the loan totaled \$1,327,616. The total amount of the loan is \$1,327,616. The payments on this loan are to be made monthly in the amount of \$8,129 at an interest rate of 4.04%. The payments began in March 2008 and will continue until final payment in February 2028. The purpose of the note is to finance improvements to the Water & Sewer System.

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

<u>Years Ending September 30</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 65,850	\$ 31,703
2019	68,559	28,993
2020	71,380	26,171
2021	74,318	23,232
2022	77,377	20,174
2023-2027	437,356	50,400
2028	19,841	119
Total	<u>\$ 814,681</u>	<u>\$ 180,792</u>

NOTE 10 – EMPLOYEE RETIREMENT PLANS

Georgia Municipal Employees Benefit System

Plan Description

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

Benefits Provided

The GMEBS Plan provides retirement, disability and death benefits to plan members and beneficiaries. Effective January 1, 2016, the Plan was amended to provide for immediate participation for employees. This change has no impact on service credited under the Plan and has no impact on benefits.

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
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 (CONTINUED)

Plan Membership

As of January 1, 2017, the date of the most recent actuarial valuation date, pension plan membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	21
Terminated employees entitled to benefits but no yet receiving them	23
Current active employees	50
Active elected officials	<u>7</u>
Total Membership in the plan	<u><u>101</u></u>

Contributions

The plan members are not required to contribute to the plan. The City is required to contribute at an actuarially determined rate; the current rate is 7.00% of annual covered payroll. The contribution requirements of the City are established and may be amended by the GMEBS Board of Trustees.

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

At September 30, 2017, the City reported a net pension liability. The net pension liability was measured as of September 30, 2016. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of January 1, 2017. An expected total pension liability as of September 30, 2017 was determined using standard roll-forward techniques.

For the year ended September 30, 2017, the City recognized pension expense relative to GMEBS in the amount of \$212,170. At September 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to the Pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 165,458	\$ -
Changes of assumptions	-	9,722
Net difference between projected and actual earnings on pension plan investments	107,226	111,096
Employer contributions subsequent to the measurement date	<u>139,126</u>	<u>-</u>
	<u><u>\$ 411,810</u></u>	<u><u>\$ 120,818</u></u>

City contributions subsequent to the measurement date of September 30, 2016 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended September 30, 2017. Other amounts reported as deferred outflows of resources and

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2017
 (CONTINUED)

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

<u>Year ended December 31:</u>	
2018	61,132
2019	61,132
2020	38,220
2021	(8,618)

Actuarial Assumptions: The total pension liability as of September 30, 2017 was determined by an actuarial valuation as of January 1, 2017 using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The mortality and economic actuarial assumptions used in the January 1, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 to June 30, 2014.

Net Pension Liability:

<u>Changes in the Net Pension Liability:</u>	<u>Total Pension Liability</u>	<u>Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balances at September 30, 2016	\$ 3,475,505	\$ 2,729,163	\$ 746,342
Changes for the year:			
Service cost	88,267	-	88,267
Interest	264,519	-	264,519
Differences between expected and actual experience	50,096	-	50,096
Contributions-employer	-	108,544	(108,544)
Net investment income	-	303,730	(303,730)
Benefit payments	(124,716)	(124,716)	-
Administrative expense	-	(8,796)	8,796
Net changes	278,166	278,762	(596)
Balance at September 30, 2017	\$ 3,753,671	\$ 3,007,925	\$ 745,746

The City's net pension liability is recorded in the Government-Wide Statement of Net Position for Governmental Activities and Business-Type Activities in the amounts of \$560,808 and \$184,938 respectively.

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
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 (CONTINUED)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2016 is summarized in the following table:

Asset class	Target allocation	Long-Term Expected Real Rate of Return
Domestic Equity	45%	6.75%
International Equity	20%	7.45%
Real estate	10%	4.55%
Global fixed income	5%	3.30%
Domestic fixed income	20%	1.75%
Cash	0%	
Total	100%	

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

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

	1% Decrease (6.75%)	Current discount rate (7.75%)	1% Increase (8.75%)
Sensitivity of the Net Pension Liability to Changes in the Discount Rate	\$ 1,217,753	\$ 745,746	\$ 347,466

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

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
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(CONTINUED)

NOTE 11 – SPECIAL FUNDING DEFINED BENEFIT PENSION PLAN

A. Peace Officers' Annuity and Benefit Fund of Georgia

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

B. Georgia Firefighters' Pension Fund

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

NOTE 12 – RISK MANAGEMENT

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

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

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

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

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
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(CONTINUED)

Georgia. The fund is to pay all cost taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

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

NOTE 13 – CONTINGENT LIABILITIES

A. Litigation

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

B. Grants

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

NOTE 14 – JOINT VENTURES

A joint venture has the following characteristics:

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

Northeast Georgia Regional Commission

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

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NOTE 15 – RELATED ENTITY

Housing Authority of the City of Greensboro, Georgia

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

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

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

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

For the fiscal year ended September 30, 2017, 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, 2017, the Chamber reimbursed the City \$20,637 for salaries and employee benefits.

NOTE 16 – INVESTMENTS – JOINT VENTURE

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

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
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 (CONTINUED)

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

Investment, October 1	\$ 2,175,586
Greensboro's share of net income	<u>25,067</u>
Investment, September 30	<u>\$ 2,200,653</u>

NOTE 17 – CONCENTRATION OF RISK – MAJOR CUSTOMER

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

	<u>Gas Revenue</u>	<u>Gas Receivables</u>
Total Gas System	\$ 3,423,227	\$ 503,335
Novelis	2,594,679	213,052
Percent of Total	76%	43%

NOTE 18 – TAX ABATEMENTS

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

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

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

NOTE 19 – EVALUATION OF SUBSEQUENT EVENTS

The City has evaluated subsequent events through September 4, 2018, the date which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF GREENSBORO, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

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

	2017	2016	2015
Total pension liability			
Service cost	\$ 88,267	\$ 77,141	\$ 63,945
Interest on total pension liability	264,519	244,994	217,268
Difference between expected and actual experience	50,096	55,478	230,237
Benefit payments, including refunds of employee contributions	(124,716)	(126,650)	(132,130)
Other	-	-	(24,306)
Net change in total pension liability	278,166	250,963	355,014
Total pension liability - beginning of year	3,475,505	3,224,542	2,869,528
Total pension liability - end of year	<u>\$ 3,753,671</u>	<u>\$ 3,475,505</u>	<u>\$ 3,224,542</u>
Plan fiduciary net position			
Contributions - employer	\$ 108,544	\$ 108,028	\$ 98,204
Net investment income	303,730	31,486	282,451
Benefit payments, including refunds of member contributions	(124,716)	(126,650)	(132,130)
Administrative expenses	(8,796)	(10,471)	(8,565)
Net change in plan fiduciary net position	278,762	2,393	239,960
Plan fiduciary net position - beginning of year	2,729,163	2,726,770	2,486,810
Plan fiduciary net position - end of year	<u>\$ 3,007,925</u>	<u>\$ 2,729,163</u>	<u>\$ 2,726,770</u>
City's net pension liability (asset) - ending	<u>\$ 745,746</u>	<u>\$ 746,342</u>	<u>\$ 497,772</u>
Plan fiduciary net position as a percentage of the total pension liability	80.13%	78.53%	84.56%
Covered-employee payroll	2,020,222	1,939,393	1,633,323
Net pension liability as a percentage of covered-employee payroll	36.91%	38.48%	30.48%

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

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

CITY OF GREENSBORO, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

SCHEDULE OF CITY CONTRIBUTIONS

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contributions	\$ 139,126	\$ 118,412	\$ 99,794
Contributions in relation to the actuarially determined contribution	<u>139,126</u>	<u>118,412</u>	<u>99,794</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 2,020,222	\$ 1,939,393	\$ 1,633,323
Contributions as a percentage of covered-employee payroll	6.89%	6.11%	6.11%

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

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

SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

CAPITAL PROJECT FUNDS

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

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

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

CDBG REDEVELOPMENT FUND - to account for the cost of an economic development project

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

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

PERMANENT FUND

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

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

CITY OF GREENSBORO, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017

	Special Revenue Funds		Capital Project Funds					Permanent Fund	Total Nonmajor Governmental Funds
	Confiscated Assets	Hotel Motel Tax	CDBG Reynolds St.	CDBG Water Improvements	CHIP Fund	CDBG Redevelopment Fund	2009 SPLOST	Cemetery Trust	
ASSETS									
Cash and cash equivalent	\$ 6,171	\$ -	\$ 2	\$ -	\$ -	\$ -	\$ 197	\$ 11,828	\$ 18,198
Certificates of deposit	-	-	-	-	-	-	-	79,647	79,647
Accounts receivable	-	6,879	-	-	-	-	-	-	6,879
Due from other funds	-	-	-	-	-	-	3,334	-	3,334
Total Assets	\$ 6,171	\$ 6,879	\$ 2	\$ -	\$ -	\$ -	\$ 3,531	\$ 91,475	\$ 108,058
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ -	\$ 5,045	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,045
Due to other funds	-	1,834	2	-	-	-	-	-	1,836
Total Liabilities	-	6,879	2	-	-	-	-	-	6,881
Fund Balances:									
Restricted	6,171	-	-	-	-	-	3,531	91,475	101,177
Total Fund Balances	6,171	-	-	-	-	-	3,531	91,475	101,177
Total Liabilities and Fund Balances	\$ 6,171	\$ 6,879	\$ 2	\$ -	\$ -	\$ -	\$ 3,531	\$ 91,475	\$ 108,058

CITY OF GREENSBORO, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

	Special Revenue Funds		Capital Project Funds					Permanent	Total
	Confiscated Assets	Hotel Motel Tax	CDBG Reynolds St.	CDBG	CHIP Fund	CDBG	2009 SPLOST	Cemetery Trust	Nonmajor Governmental Funds
				Water Improvements		Redevelopment Fund			
<u>Revenues:</u>									
Taxes	\$ -	\$ 57,301	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 57,301
Intergovernmental	-	-	-	473,050	262,051	40,847	-	-	775,948
Interest earnings	6	-	-	-	-	-	-	333	339
Other revenues	2,940	-	-	-	-	-	-	10,680	13,620
Total Revenues	2,946	57,301	-	473,050	262,051	40,847	-	11,013	847,208
<u>Expenditures:</u>									
<u>Current:</u>									
General government	-	23,200	-	-	-	-	-	-	23,200
Public safety	964	-	-	-	-	-	720	-	1,684
Public works	-	-	-	-	-	-	2,691	-	2,691
Culture and recreation	-	-	-	-	-	-	-	17,149	17,149
Housing and development	-	-	-	-	262,051	-	-	-	262,051
Capital outlay	-	-	3,510	473,050	-	40,847	-	-	517,407
Total Expenditures	964	23,200	3,510	473,050	262,051	40,847	3,411	17,149	824,182
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,982	34,101	(3,510)	-	-	-	(3,411)	(6,136)	23,026
<u>Other Financing Sources (Uses):</u>									
Transfers from other funds	-	-	3,510	-	-	-	-	-	3,510
Transfers to other funds	-	(34,101)	-	-	-	-	-	-	(34,101)
Total other financing sources (uses)	-	(34,101)	3,510	-	-	-	-	-	(30,591)
Net change in fund balances	1,982	-	-	-	-	-	(3,411)	(6,136)	(7,565)
Fund Balance, beginning of year	4,189	-	-	-	-	-	6,942	97,611	108,742
Fund Balance (deficit), end of year	\$ 6,171	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,531	\$ 91,475	\$ 101,177

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, 2017

	Final Budget	Actual	Variance with Budget
<u>Revenues:</u>			
Forfeitures	\$ 3,000	\$ -	\$ (3,000)
Interest earnings	-	6	6
Other revenues	-	2,940	2,940
	<hr/>		
Total Revenues	3,000	2,946	(54)
<hr/>			
<u>Expenditures:</u>			
Current:			
Public Safety	3,000	964	2,036
	<hr/>		
Total Expenditures	3,000	964	2,036
	<hr/>		
Net change in fund balances	-	1,982	1,982
	<hr/>		
Fund balance - beginning of year	4,189	4,189	-
	<hr/>		
Fund balance - end of year	\$ 4,189	\$ 6,171	\$ 1,982
	<hr/> <hr/>		

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, 2017

	Final Budget	Actual	Variance with Budget
<u>Revenues:</u>			
Taxes	\$ 63,000	\$ 57,301	\$ (5,699)
Total Revenues	63,000	57,301	(5,699)
<u>Expenditures:</u>			
Current:			
General Government	26,000	23,200	2,800
Total Expenditures	26,000	23,200	2,800
Excess of Revenues Over (Under) Expenditures	37,000	34,101	(2,899)
<u>Other Financing Sources (Uses):</u>			
Transfer to General Fund	(37,000)	(34,101)	2,899
Total Other Financing Sources (Uses)	(37,000)	(34,101)	2,899
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, 2017

	Prior Years	Current Year	Total to Date	Project Authorization
<u>Revenues:</u>				
Department of Community Affairs	\$ 402,950	\$ -	\$ 402,950	\$ 482,475
Interest income	2	-	2	-
Total Revenues	402,952	-	402,952	482,475
<u>Expenditures:</u>				
P-001-01 Acquisition of Property	62,477	-	62,477	20,000
T-03J-00 Engineering-Water/Sewer Improvements	61,690	-	61,690	9,500
P-03J-01 Water Facilities	349,561	-	349,561	87,514
T-03K-00 Engineering-Street Improvements	15,080	3,510	18,590	35,000
P-03K-02 Flood and Drainage Facilities	-	-	-	330,461
A-21A-00 Administration	42,815	-	42,815	-
Total Expenditures	531,623	3,510	535,133	482,475
Excess of Revenues Over (Under) Expenditures	(128,671)	(3,510)	(132,181)	-
<u>Other Financing Sources (Uses):</u>				
Transfer from General Fund	128,671	3,510	132,181	-
Total Other Financing Sources (Uses)	128,671	3,510	132,181	-
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, 2017

	Prior Years	Current Year	Total to Date	Project Authorization
<u>Revenues:</u>				
Department of Community Affairs	\$ 26,950	\$ 473,050	\$ 500,000	\$ 500,000
Total Revenues	26,950	473,050	500,000	500,000
<u>Expenditures:</u>				
C-022-00 Contingencies-Unprogrammed Funds	1,015	-	1,015	26,622
T-03J-00 Engineering-Water/Sewer Improvements	90,883	473,050	563,933	11,432
P-03J-01 Water Facilities	3,198	-	3,198	431,946
A-21A-00 Administration	36,121	-	36,121	30,000
Total Expenditures	131,217	473,050	604,267	500,000
Excess of Revenues Over (Under) Expenditures	(104,267)	-	(104,267)	-
<u>Other Financing Sources (Uses):</u>				
Transfer from Water Fund	104,267	-	104,267	-
Total Other Financing Sources (Uses)	104,267	-	104,267	-
Net change in fund balances	-	-	-	-
Fund Balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ -	\$ -

CITY OF GREENSBORO, GEORGIA

COMMUNITY DEVELOPMENT BLOCK GRANT

#14rd-x-066-2-5730

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES-BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Prior Years	Current Year	Total to Date	Project Authorization
<u>Revenues:</u>				
Department of Community Affairs	\$ 459,153	\$ 40,847	\$ 500,000	\$ 500,000
Total Revenues	459,153	40,847	500,000	500,000
<u>Expenditures:</u>				
E-001-01 Acquisition of Property (Public)	150,000	-	150,000	150,000
E-18A-00 ED - Assistance to Private For-Profit	247,553	22,447	270,000	270,000
T-18A-00 Engineering - ED Direct Financial Assistance	50,000	-	50,000	50,000
A-21A-00 Administration	11,600	18,400	30,000	30,000
Total Expenditures	459,153	40,847	500,000	500,000
Net change in fund balances	-	-	-	-
Fund Balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ -	\$ -

CITY OF GREENSBORO, GEORGIA

COMMUNITY HOME INVESTMENT PROGRAM

#2014-914

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN

FUND BALANCES-BUDGET AND ACTUAL

FROM INCEPTION AND FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Prior Years	Current Year	Total to Date	Project Authorization
<u>Revenues:</u>				
Department of Community Affairs	\$ 6,650	\$ 262,051	\$ 268,701	\$ 302,557
Total Revenues	6,650	262,051	268,701	302,557
<u>Expenditures:</u>				
Homeowner Rehabilitation Assistance	6,650	252,344	258,994	296,625
General Administration	-	9,707	9,707	5,932
Total Expenditures	6,650	262,051	268,701	302,557
Net change in fund balances	-	-	-	-
Fund Balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ -	\$ -

CITY OF GREENSBORO, GEORGIA

SCHEDULE OF PROJECTS CONSTRUCTED
WITH SPECIAL SALES TAX PROCEEDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

	Original Estimated Cost	Revised Estimated Cost	Expenditures		
			Prior Year(s)	Current Year	Total
<u>2009 Referendum</u>					
Roads, Streets, Bridges and Sidewalks	\$ 4,311,791	\$ 2,105,500	\$ 2,038,328	\$ 2,691	\$ 2,041,019
Public Safety Facilities and Equipment	900,000	926,000	925,393	720	926,113
Water, Sewer and Stormwater Facilities and Equipment	1,000,000	1,100,000	1,232,677	-	1,232,677
Administrative Facilities and Equipment	250,000	162,500	10,579	-	10,579
Cultural Facilities and Equipment	500,000	620,000	587,166	-	587,166
Total 2009 Referendum	\$ 6,961,791	\$ 4,914,000	\$ 4,794,143	\$ 3,411	\$ 4,797,554

	Original Estimated Cost	Expenditures Prior Year(s)	Current Year	Total
Roads, Streets, Bridges and Sidewalks	\$3,550,000	\$ 457,010	\$ 263,129	\$ 720,139
Public Safety Facilities and Equipment	100,000	317,882	22,195	340,077
Water, Sewer and Stormwater Facilities and Equipment	100,000	107,594	460,484	568,078
Administrative Facilities and Equipment	425,000	-	533	533
Blight Abatement	425,000	-	-	-
Culture Facilities & Equipment	20,000	-	56,820	56,820
Total 2015 Referendum	\$4,620,000	\$ 882,486	\$ 803,161	\$1,685,647

CITY OF GREENSBORO, GEORGIA

BALANCE SHEET
COMPONENT UNIT-BETTER HOMETOWN
SEPTEMBER 30, 2017

ASSETS

Cash and cash equivalent	\$	16,645
Receivables, net of allowance		
Accounts		<u>5,443</u>
Total Assets	\$	<u><u>22,088</u></u>

LIABILITIES AND FUND BALANCES

Liabilities:		
Accounts payable	\$	<u>-</u>
Total Liabilities		<u>-</u>
Fund Balances:		
Unassigned		<u>22,088</u>
Total Fund Balance		<u>22,088</u>
Total Liabilities and Fund Balance	\$	<u><u>22,088</u></u>

CITY OF GREENSBORO, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 COMPONENT UNIT-BETTER HOMETOWN
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

<u>Revenues:</u>	
Contributions	\$ 22,023
Intergovernmental	67,405
Interest earnings	13
	<hr/>
Total Revenues	89,441
	<hr/>
<u>Expenditures:</u>	
Current:	
Professional services	31,454
Rental	17,539
Advertising	10,994
Supplies	8,362
Travel	1,942
Other	10,964
	<hr/>
Total Expenditures	81,255
	<hr/>
Net change in fund balances	8,186
	<hr/>
Fund Balance, beginning of year	13,902
	<hr/>
Fund Balance, end of year	<u>\$ 22,088</u>

CITY OF GREENSBORO, GEORGIA

BALANCE SHEET
COMPONENT UNIT-DOWNTOWN DEVELOPMENT AUTHORITY
SEPTEMBER 30, 2017

ASSETS

Cash and cash equivalent	\$	21,598
Intergovernmental receivable		500
		<hr/>
Total Assets	\$	22,098
		<hr/> <hr/>

LIABILITIES AND FUND BALANCES

Liabilities:

Accounts payable	\$	4,708
Due to primary government		735
		<hr/>
Total Liabilities		5,443
		<hr/>

Fund Balances:

Unassigned		16,655
		<hr/>
Total Fund Balance		16,655
		<hr/>
Total Liabilities and Fund Balance	\$	22,098
		<hr/> <hr/>

CITY OF GREENSBORO, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 COMPONENT UNIT-DOWNTOWN DEVELOPMENT AUTHORITY
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

<u>Revenues:</u>	
Contributions	\$ 7,900
Intergovernmental	27,465
Interest earnings	2
	<hr/>
Total Revenues	35,367
	<hr/>
<u>Expenditures:</u>	
Current:	
Professional services	200
Advertising	70
Other	43,611
	<hr/>
Total Expenditures	43,881
	<hr/>
Net change in fund balances	(8,514)
Fund Balance, beginning of year	25,169
	<hr/>
Fund Balance, end of year	\$ 16,655
	<hr/> <hr/>

SINGLE AUDIT SECTION

CITY OF GREENSBORO, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

Federal/Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
<u>U.S. Department of Transportation</u>				
Passed through Georgia Department of Transportation Transportation Enhancement Program	20.205	E30087-15-000-0-PI0006605	\$ -	\$ 447,864
Total Pass-through Highway Planning and Construction Cluster			-	447,864
Total U.S. Department of Transportation			-	447,864
<u>U.S. Department of Housing and Urban Development</u>				
Passed through Georgia Department of Community Affairs Community Development Block Grants Program	14.228	14rd-x-066-2-5730	-	40,847
Community Development Block Grants Program	14.228	13p-x-066-2-5552	-	473,050
Subtotal CFDA 14.228			-	513,897
Community Home Investment Program	14.239	2014-914	-	262,051
Total Pass-through Programs			-	775,948
Total U.S. Department of Housing and Urban Development			-	775,948
<u>U.S. Department of Agriculture</u>				
Passed through Rural Business-Cooperative Service Rural Business Development Grant	10.351	10-066-586000586	-	2,800
Total Pass-through Programs			-	2,800
Total U.S. Department of Agriculture			-	2,800
<u>U.S. Department of Justice</u>				
Direct Programs Federal Forfeiture Program	16.922		-	964
Total Direct Programs			-	964
Total U.S. Department of Justice			-	964
Total Expenditures of Federal Awards			\$ -	\$ 1,227,576

See accompanying notes to schedule of expenditures of federal awards

CITY OF GREENSBORO, GEORGIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

NOTE 1 – BASIS OF PRESENTATION

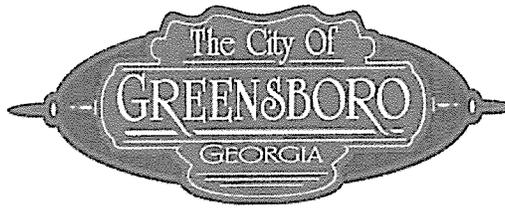
The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Greensboro, Georgia under programs of the federal government for the fiscal year ended September 30, 2017. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the City of Greensboro, Georgia, it is not intended to and does not present the financial position, changes in net position or cash flows of the City of Greensboro, Georgia.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 – INDIRECT COST RATE

City of Greensboro, Georgia has elected not to use the 10 – percent de minimis indirect cost rate allowed under the Uniform Guidance.



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

FINANCIAL STATEMENT FINDINGS

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

Status: Corrected in 2017.

2016-002 Utility Customer Account Adjustment Policy

Status: Unresolved, see current year finding 2017-002

2016-003 Cemetery Trust Fund – Revenue Documentation

Status: Unresolved, see current year finding 2017-003

2016-004 Water and Sewer Fund

Status: Corrected in 2017.

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

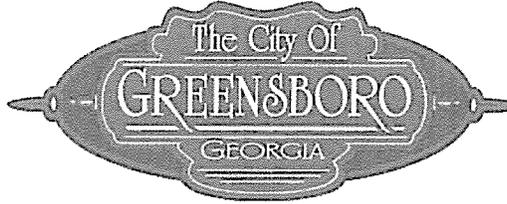
Status: Unresolved, see current year finding 2017-004

2016-006 Proprietary Fund Revenue

Status: Unresolved, see current year finding 2017-005

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

NONE REPORTED



September 4, 2018

CORRECTIVE ACTION PLAN

The City of Greensboro, Georgia respectfully submits the following corrective action plan for the fiscal year ended September 30, 2017.

FINDINGS-FINANCIAL STATEMENT AUDIT

2017-001 Transportation Enhancement Grant (TEA) – Revenue / Receivable

Name of Contact Person: Larry Postell, City Manager

Recommendation: We recommend that the City develop procedures to insure the proper recording of TEA Grant activity.

Corrective Action: The City Clerk will work with the grant administrators to ensure that intergovernmental receivables are properly recorded at year end.

Anticipated Completion Date: September 30, 2018

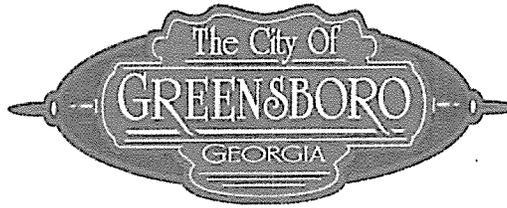
2017-002 Utility Customer Account Adjustment Policy

Name of Contact Person: Larry Postell, City Manager

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

Corrective Action: The City has implemented a policy that requires adjustments to customer's utility accounts be approved by management before the adjustment is posted to the customer's account.

Anticipated Completion Date: September 30, 2018



City of Greensboro, Georgia
Page Two

2017-003 Cemetery Trust Fund – Revenue Documentation

Name of Contact Person: Larry Postell, City Manager

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

Corrective Action: The City has implemented a policy that requires the City Clerk to maintain a copy of the cemetery deeds issued during the year. The deeds are reconciled to the revenue recorded to ensure the completeness of the receipts. The City will stress the importance of timely deposits to the management of the cemetery.

Anticipated Completion Date: September 30, 2018

2017-004 Hotel / Motel Tax Accounts Receivable / Revenue – Monitoring Procedures

Name of Contact Person: Larry Postell, City Manager

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

Corrective Action: The City Clerk is monitoring to ensure that each hotel is timely remitting the monthly reports to the City. The City Clerk has notified the delinquent hotels.

Anticipated Completion Date: September 30, 2018

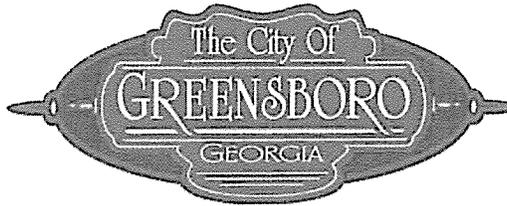
2017-005 Proprietary Fund Accounts Receivable / Revenue

Name of Contact Person: Larry Postell, City Manager

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

Corrective Action: The Utility Billing Clerk is carefully reviewing the allocation of payments posting to customer's accounts.

Anticipated Completion Date: September 30, 2018



City of Greensboro, Georgia
Page Three

2017-006 Capital Assets

Name of Contact Person: Larry Postell, City Manager

Recommendation: The City should establish internal control procedures to insure that the proper reconciling procedures are being performed monthly and at year-end to balance and reconcile capital asset records.

Corrective Action: The City Clerk will reconcile the year end depreciation schedules to the general ledger fixed asset accounts.

Anticipated Completion Date: September 30, 2018

2017-007 Control Procedures over the Preparation of the Schedule of Expenditures of Federal Awards (SEFA)

Name of Contact Person: Larry Postell, City Manager

Recommendation: We recommend that the City review the controls in place over the preparation of the SEFA. Additionally, individuals responsible for the preparation of the SEFA should have adequate training to insure compliance with grant provisions.

Corrective Action: The City Clerk will obtain assistance from the grant administrators for the preparation of the SEFA to ensure compliance with grant provisions.

Anticipated Completion Date: September 30, 2018

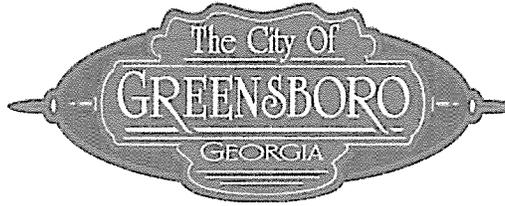
2017-008 Downtown Development Authority (Component Unit) – Pass Through Grant Activity

Name of Contact Person: Larry Postell, City Manager

Recommendation: We recommend that the DDA develop procedures to insure the proper recording of pass-through grant activity.

Corrective Action: The City Clerk will notify the component unit when pass through grants occur so that the component unit can properly record the transaction.

Anticipated Completion Date: September 30, 2018



City of Greensboro, Georgia
Page Four

2017-009 Violation of Georgia Law – 2009 SPLOST Fund

Name of Contact Person: Larry Postell, City Manager

Recommendation: The City should implement procedures to ensure restricted funds are not accessed to finance daily operations of the City and efforts be made to eliminate current amounts already advanced to the General Fund.

Corrective Action: The General Fund will reimburse the 2009 SPLOST fund. The City Clerk will monitor SPLOST transactions closely to ensure compliance.

Anticipated Completion Date: September 30, 2018

FEDERAL AWARDS FINDINGS

None Reported

**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, 2017 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 4, 2018.

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 questioned cost that we consider to be material weaknesses. 2017-001, 2017-002, 2017-003, 2017-004, 2017-005, 2017-006, 2017-007, 2017-008.

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 questioned cost as item 2017-009.

City of Greensboro, Georgia's Response to Findings

The City of Greensboro, Georgia's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned cost. 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 4, 2018



**INDEPENDENT AUDITOR’S REPORT ON
COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT
ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

We have audited City of Greensboro, Georgia’s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of City of Greensboro, Georgia’s major federal programs for the year ended September 30, 2017. City of Greensboro, Georgia’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of City of Greensboro, Georgia’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Greensboro, Georgia’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of City of Greensboro, Georgia's compliance.

Opinion on Each Major Federal Program

In our opinion, City of Greensboro, Georgia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2017.

Report on Internal Control Over Compliance

Management of City of Greensboro, Georgia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Greensboro, Georgia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Greensboro, Georgia's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of City of Greensboro, Georgia as of and for the fiscal year ended September 30, 2017, and have issued our report thereon dated September 4, 2018, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Macon, Georgia
September 4, 2018

A handwritten signature in black ink, appearing to read "C. H. H. R. M. C.", is positioned to the right of the date.

CITY OF GREENSBORO, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COST
FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2017

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified that are not considered to be material weakness(es)	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	None Reported
Type of auditor’s report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of Major Programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program</u>
14.228	Community Development Block Grants Program

Dollar threshold used to distinguish between Type A and Type B program	\$ 750,000
Auditee qualified as low-risk auditee	No

CITY OF GREENSBORO, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COST
FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2017
(CONTINUED)

Section II – 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”:

2017-001 Transportation Enhancement Grant (TEA) – Revenue / Receivables

CRITERIA

Accounting procedures should be designed to insure that revenues are accrued and recognized when they become both measurable and available to finance expenditures of the fiscal period.

CONDITION

The City did not accrue an intergovernmental receivable for the Transportation Enhancement Grant for fiscal year ended September 30, 2017.

CONTEXT

Material adjustments of \$246,104 were required to increase intergovernmental revenues for fiscal year ended September 30, 2017.

EFFECT

The City’s financial records understated Transportation Enhancement Grant revenue for the fiscal year ended September 30, 2017.

CAUSE

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

RECOMMENDATION

We recommend that the City develop procedures to insure the proper recording of TEA Grant activity.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

The City concurs with the finding. The City Clerk will work with the grant administrators to ensure that intergovernmental receivables are properly recorded at year end.

CITY OF GREENSBORO, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COST
FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2017
(CONTINUED)

2017-002 Utility Customer Account Adjustment Policy

CRITERIA

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

CONDITION

In performing year-end audit procedures for the fiscal year ended September 30, 2017, we noted that the City does not have a formal policy for utility customer account adjustments.

CONTEXT

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

EFFECT

The lack of management oversight increases the risk that misstatements, either by error or fraud, could go undetected by management.

CAUSE

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

RECOMMENDATION

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

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

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

CITY OF GREENSBORO, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2017
(CONTINUED)

2017-003 **Cemetery Trust Fund – Revenue Documentation**

CRITERIA

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

CONDITION

Supporting documentation provided for cemetery lot and grave site marker sales could not substantiate the completeness of the receipts received during fiscal year end September 30, 2017. In addition, cemetery lot and grave site marker sales were not deposited to the bank account in a timely manner.

CONTEXT

The City was unable to provide third party documentation for cemetery lot and grave site marker sales. In addition, auditors were required to record three receipts totaling \$3,580 that had not been deposited into the bank account at year-end.

EFFECT

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

CAUSE

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

RECOMMENDATION

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

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

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

CITY OF GREENSBORO, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2017
(CONTINUED)

2017-004 **Hotel / Motel Tax Accounts Receivable / Revenue – Monitoring Procedures**

CRITERIA

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

CONDITION

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

CONTEXT

Audit procedures identified that two hotels had not remitted the August 2017 monthly reports of collections and the taxes to the City.

EFFECT

Since no reports were submitted for August 2017 on the two hotels, it is unclear as to the amount of the understatement of the taxes.

CAUSE

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

RECOMMENDATION

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

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

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

CITY OF GREENSBORO, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2017
(CONTINUED)

2017-005 Proprietary Fund Accounts Receivable / Revenue

CRITERIA

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

CONDITION

A major customer's payment for services was not properly applied to the Water and Sewer Fund accounts receivable subsidiary ledger and to the Gas Fund revenue account.

CONTEXT

In performing year-end audit procedures for the fiscal year ended September 30, 2017, we discovered that the City applied the entire monthly payment from a major customer to the Gas Fund's revenue account. This resulted in the Gas Fund's revenues being overstated and the Water and Sewer Funds' accounts receivable being overstated at year-end. Audit adjustments for the year ended September 30, 2017 were required to fairly report sales revenue and accounts receivable as follows:

- Water and Sewer Fund accounts receivable were decreased by \$21,751.
- Gas Fund revenues were decreased by \$21,751.

EFFECT

The City's Gas Fund sales revenue and the Water and Sewer Fund's accounts receivable accounts were overstated at September 30, 2017.

CAUSE

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

RECOMMENDATION

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

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

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

CITY OF GREENSBORO, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2017
(CONTINUED)

2017-006 Capital Assets

CRITERIA

Accounting and control procedures should be designed to insure that capital asset activity is recorded, and reported for the governmental activities and business-type activities financial statements. Capital asset records must be supported by detailed records that include location, department, cost, estimated useful life, depreciation and other detail supporting documentation.

CONDITION

The City had not properly posted all capital asset activity.

CONTEXT

Audit procedures identified adjustments necessary to correct the recording of capital assets reported within construction in progress and assets acquired during the fiscal year ending September 30, 2017. Adjustments required were as follows:

- Governmental activities – a material audit adjustment of \$217,830 was needed to transfer a completed project into service at year-end.
- Governmental activities – audit adjustments of \$45,283 and \$5,300 were needed to record assets acquired during fiscal year-ending September 30, 2017.
- Water and Sewer Fund – a material audit adjustment of \$177,511 was needed to transfer a completed project into service at year-end.
- Water and Sewer Fund – an audit adjustment of \$12,000 was needed to record a capital contribution for the construction of water main extensions.

EFFECT

Material audit adjustments were needed to fairly report capital asset information for the year ended September 30, 2017.

CAUSE

Accounting personnel may have lacked adequate training in capital asset accounting.

RECOMMENDATION

The City should establish internal control procedures to insure that the proper reconciling procedures are being performed monthly and at year-end to balance and reconcile capital asset records.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

The City concurs with the finding. The City Clerk will reconcile the year end depreciation schedules to the general ledger fixed asset accounts.

CITY OF GREENSBORO, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2017
(CONTINUED)

2017-007 **Control Procedures over the Preparation of the Schedule of Expenditures of Federal Awards (SEFA)**

CRITERIA

Uniform Guidance requires the auditee to prepare a SEFA that includes certain required elements, including total federal expenditures for each individual federal program for the period covered by its financial statements.

CONDITION

The SEFA prepared by the City, did not correctly report the federal expenditures.

CONTEXT

The City failed to accumulate accurate information to correctly report the federal expenditures on the SEFA.

EFFECT

The City was unable to provide a SEFA detailing federal expenditures.

CAUSE

Employees responsible for grant administration lacked adequate training in the preparation of the SEFA.

RECOMMENDATION

We recommend that the City review the controls in place over the preparation of the SEFA. Additionally, individuals responsible for the preparation of the SEFA should have adequate training to insure compliance with grant provisions.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

The City concurs with the finding. The City Clerk will obtain assistance from the grant administrators for the preparation of the SEFA to ensure compliance with grant provisions.

CITY OF GREENSBORO, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2017
(CONTINUED)

2017-008 Downtown Development Authority (Component Unit) – Pass Through Grant Activity

CRITERIA

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

CONDITION

The Downtown Development Authority's (DDA) financial records understated payments to other agencies and the related intergovernmental revenue for a pass-through grant received during fiscal year ended September 30, 2017.

CONTEXT

Material audit adjustments of \$19,640 were required to report payments to other agencies and the related intergovernmental revenue for fiscal year ended September 30, 2017.

EFFECT

The DDA's payments to other agencies and the related intergovernmental revenue were understated for fiscal year ended September 30, 2017.

CAUSE

The DDA did not have adequate accounting procedures in place to insure the recording of pass-through grant activity.

RECOMMENDATION

We recommend that the DDA develop procedures to insure the proper recording of pass-through grant activity.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

The City concurs with the finding. The City does not receive pass through grants very often. The City Clerk will notify the component unit when pass through grants occur so that the component unit can properly record the transaction.

CITY OF GREENSBORO, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2017
(CONTINUED)

COMPLIANCE FINDING

2017-009 Violation of Georgia Law – 2009 SPLOST Fund

CRITERIA

The Official Code of Georgia (O.C.G.A.) 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

The City's General Fund owes the 2009 SPLOST Fund for non-capital outlay items purchased with SPLOST Funds.

CONTEXT

At September 30, 2017, the General Fund owed \$3,334 to the 2009 SPLOST Fund for prior year expenditures.

EFFECT

The City is in violation of O.C.G.A. Section 48-8-121(a)(1).

CAUSE

The City was unaware of the state law.

RECOMMENDATION

The City should implement procedures to ensure restricted funds are not accessed to finance daily operations of the City and efforts be made to eliminate current amounts already advanced to the General Fund.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

The City concurs with the finding. The General Fund will reimburse the 2009 SPLOST fund. The City Clerk will monitor SPLOST transactions closely to ensure compliance.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.