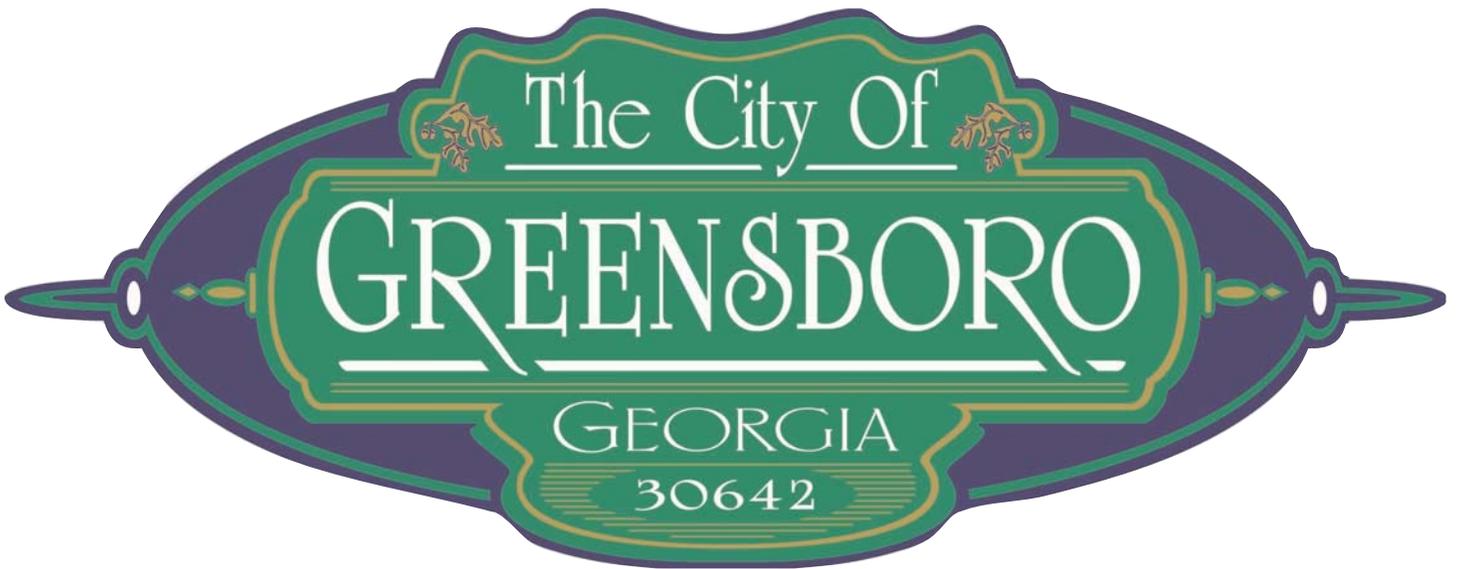


CITY OF GREENSBORO GEORGIA



ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2018**

CITY OF GREENSBORO, GEORGIA
INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2018

CITY OF GREENSBORO, GEORGIA
 ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

TABLE OF CONTENTS

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

CITY OF GREENSBORO, GEORGIA

ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

TABLE OF CONTENTS
(CONTINUED)

| | <u>Page</u> |
|---|-------------|
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds..... | 59 – 60 |
| Confiscated Assets Fund Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual | 61 |
| Hotel/Motel Tax Fund Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual | 62 |
| CDBG Reynolds Street Fund Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – From Inception..... | 63 |
| CDBG Redevelopment Fund Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – From Inception..... | 64 |
| CHIP Fund Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – From Inception..... | 65 |
| Schedule of Projects Constructed with Special Sales Tax Proceeds | 66 |
| Component Units Better Hometown - Balance Sheet | 67 |
| Better Hometown - Statement of Revenues, Expenditures, and Changes in Fund Balances..... | 68 |
| Downtown Development Authority - Balance Sheet | 69 |
| Downtown Development Authority - Statement of Revenues, Expenditures, and Changes in Fund Balances..... | 70 |
| GOVERNMENTAL REPORTS | |
| Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 71 – 72 |
| Schedule of Findings and Responses..... | 73 – 77 |
| Schedule of Prior Year Findings | 78 – 79 |



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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of 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, 2018, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the fiscal year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 4 through 12, the schedule of changes in the City's net pension liability and related ratios on page 54, the schedule of City contributions on page 55, and the notes to the required supplementary information on page 56 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

component unit's financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 1, 2020 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Greensboro, Georgia's internal control over financial reporting and compliance.

Macon, Georgia
July 1, 2020

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

MANAGEMENT'S DISCUSSION & ANALYSIS

CITY OF GREENSBORO, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2018

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, 2018. This information should be read and considered in conjunction with the financial statements.

Financial Highlights

- The assets and deferred outflow of resources for the City exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2018 by \$20,251,876 (total net position). Of this amount, \$3,152,846, (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 \$1,466,202 during the most recent fiscal year resulting from governmental and business-type activities.
- At the close of fiscal year 2018, the City's governmental funds reported combined ending fund balances of \$2,652,424. This is an increase of \$1,283,242 from prior year.
- At the end of the fiscal year, the total fund balance for the general fund was \$1,442,509. This is an increase of \$800,952 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 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

CITY OF GREENSBORO, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018
(CONTINUED)

general government, judicial, public safety, public works, culture and recreation, and housing and development. The business-type activities of the City include water and sewer and natural gas.

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

Governmental funds. Governmental 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 ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances for the general fund and the SPLOST 2015 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 57 through 60.

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

The 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

CITY OF GREENSBORO, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018
(CONTINUED)

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 2018 by \$20,251,876.

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 \$15,183,404 or 74.9%. 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, \$1,915,626 or 9.5% represents resources that are subject to external restrictions on how they may be used. Of this amount, \$87,569 is restricted for cemetery maintenance, \$6,177 is restricted for public safety, and \$1,116,169, 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 \$705,711; this represents water and sewer reserve accounts set aside as

CITY OF GREENSBORO, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS
 SEPTEMBER 30, 2018
 (CONTINUED)

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.

| | Summary of Net Position | | | | | |
|---|-------------------------|---------------------|--------------------------|----------------------|----------------------|----------------------|
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Assets | | | | | | |
| Current assets | \$ 2,883,317 | \$ 1,705,117 | \$ 2,383,840 | \$ 2,232,216 | \$ 5,267,157 | \$ 3,937,333 |
| Other assets | - | - | 2,286,552 | 2,200,653 | 2,286,552 | 2,200,653 |
| Capital assets | 5,592,764 | 5,612,828 | 10,689,472 | 11,012,466 | 16,282,236 | 16,625,294 |
| Total assets | 8,476,081 | 7,317,945 | 15,359,864 | 15,445,335 | 23,835,945 | 22,763,280 |
| Deferred outflows of resources: | | | | | | |
| Refunding | - | - | 16,509 | 33,019 | 16,509 | 33,019 |
| Related to pensions | 215,679 | 309,685 | 82,978 | 102,125 | 298,657 | 411,810 |
| Total deferred outflows of resources | 215,679 | 309,685 | 99,487 | 135,144 | 315,166 | 444,829 |
| Liabilities | | | | | | |
| Current and other liabilities | 250,108 | 342,095 | 796,141 | 732,391 | 1,046,249 | 1,074,486 |
| Long-term liabilities | 428,395 | 560,808 | 2,229,225 | 2,666,323 | 2,657,620 | 3,227,131 |
| Total liabilities | 678,503 | 902,903 | 3,025,366 | 3,398,714 | 3,703,869 | 4,301,617 |
| Deferred inflows of resources | | | | | | |
| Related to pensions | 141,086 | 90,856 | 54,280 | 29,962 | 195,366 | 120,818 |
| Total deferred inflows of resources | 141,086 | 90,856 | 54,280 | 29,962 | 195,366 | 120,818 |
| Net position | | | | | | |
| Net investment in capital assets | 5,592,764 | 5,612,828 | 9,590,640 | 9,555,735 | 15,183,404 | 15,168,563 |
| Restricted | 1,209,915 | 727,625 | 705,711 | 739,394 | 1,915,626 | 1,467,019 |
| Unrestricted | 1,069,492 | 293,418 | 2,083,354 | 1,856,674 | 3,152,846 | 2,150,092 |
| Total net position | \$ 7,872,171 | \$ 6,633,871 | \$ 12,379,705 | \$ 12,151,803 | \$ 20,251,876 | \$ 18,785,674 |

CITY OF GREENSBORO, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS
 SEPTEMBER 30, 2018
 (CONTINUED)

| | Change in Net Position | | | | | |
|---|-------------------------|---------------------|--------------------------|----------------------|----------------------|----------------------|
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Revenues | | | | | | |
| Program revenues | | | | | | |
| Charges for services | \$ 103,846 | \$ 99,197 | \$ 6,070,124 | \$ 5,573,094 | \$ 6,173,970 | \$ 5,672,291 |
| Operating grants and contributions | 324,511 | 600,049 | - | - | 324,511 | 600,049 |
| Capital grants and contributions | 1,100,786 | 1,946,424 | 269,058 | 367,101 | 1,369,844 | 2,313,525 |
| General revenues | | | | | | |
| Property taxes | 585,355 | 572,494 | - | - | 585,355 | 572,494 |
| Sales tax | 881,020 | 774,961 | - | - | 881,020 | 774,961 |
| Franchise tax | 328,292 | 344,804 | - | - | 328,292 | 344,804 |
| Other tax | 647,698 | 562,822 | - | - | 647,698 | 562,822 |
| Investment earnings | 1,704 | 1,792 | 8,482 | 11,251 | 10,186 | 13,043 |
| Miscellaneous | 51,239 | 77,753 | 85,899 | 28,966 | 137,138 | 106,719 |
| Total Revenues | 4,024,451 | 4,980,296 | 6,433,563 | 5,980,412 | 10,458,014 | 10,960,708 |
| Expenses | | | | | | |
| General government | 646,665 | 736,795 | - | - | 646,665 | 736,795 |
| Judicial | 65,898 | 69,943 | - | - | 65,898 | 69,943 |
| Public safety | 1,894,177 | 2,005,613 | - | - | 1,894,177 | 2,005,613 |
| Public works | 1,065,373 | 1,214,770 | - | - | 1,065,373 | 1,214,770 |
| Health and welfare | 646 | - | - | - | 646 | - |
| Culture and recreation | 101,440 | 115,635 | - | - | 101,440 | 115,635 |
| Housing and development | 398,237 | 656,444 | - | - | 398,237 | 656,444 |
| Water and Sewer | - | - | 1,881,557 | 1,844,910 | 1,881,557 | 1,844,910 |
| Natural gas | - | - | 2,937,819 | 2,883,555 | 2,937,819 | 2,883,555 |
| Total Expenses | 4,172,436 | 4,799,200 | 4,819,376 | 4,728,465 | 8,991,812 | 9,527,665 |
| Increase (decrease) in net position before transfers | (147,985) | 181,096 | 1,614,187 | 1,251,947 | 1,466,202 | 1,433,043 |
| Transfers | 1,386,285 | 903,291 | (1,386,285) | (903,291) | - | - |
| Change in net position | 1,238,300 | 1,084,387 | 227,902 | 348,656 | 1,466,202 | 1,433,043 |
| Net position - beginning of year | 6,633,871 | 5,549,484 | 12,151,803 | 11,803,147 | 18,785,674 | 17,352,631 |
| Net position - end of year | \$ 7,872,171 | \$ 6,633,871 | \$ 12,379,705 | \$ 12,151,803 | \$ 20,251,876 | \$ 18,785,674 |

Revenues. Sales tax of \$881,020 and property tax of \$585,355 accounted for 58.77% of total general revenues.

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

- General government – housing authority in lieu of taxes of \$10,848.
- Public safety – fire protection funds of \$30,000 and student resource officer funds of \$201,284 received from Greene County.

CITY OF GREENSBORO, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018
(CONTINUED)

- Public works – Local Maintenance & Improvement Grant funds in the amount of \$50,687 from Georgia Department of Transportation and \$31,692 from FEMA.

Capital grants and contributions for governmental consisted of the following:

- SPLOST revenue and interest earnings on the SPLOST funds in the amount of \$1,010,813.
- CDBG redevelopment fund grant for economic development in the amount of \$78,587.
- Community Home Investment Program for renovation projects in the amount of \$11,386.

Expenses. The total expense for the governmental activities is \$4,172,436. The largest expenditure is public safety. Public safety includes the police & fire. The total public safety expense is \$1,894,177 or 45.3% of total governmental activity expense.

Business-type activities. The change in net position for the Business-type activities was an increase of \$227,902. However, this includes transfers to governmental funds in the amount of \$1,386,285.

Revenues. Water and sewer operating revenue was \$2,448,634. Natural gas operating revenue was \$3,621,490. Water and sewer revenue is derived from the sale of water and sewer services to the citizens of the City. Natural gas revenue is derived from the sale of natural gas to the citizens of the City.

Expenses. Water and sewer operating expense was \$1,806,952. Natural gas operating expense was \$2,879,841.

Financial Analysis of the City of Greensboro's Funds

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$2,652,424. 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, 2018 was \$270,256; Natural Gas Fund \$1,813,098. The total change in Water and Sewer net position was an increase

CITY OF GREENSBORO, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018
(CONTINUED)

of \$94,409. The Water and Sewer fund had a net income of \$569,190 before contributions and transfers. The Natural Gas fund's net position increased by \$133,493; the Natural Gas fund had a net income of \$867,064 before contributions and transfers.

General Fund Budgetary Highlights

There were no differences between the original budget and the final budget for fiscal year ending September 30, 2018.

During the year, actual revenues were more than budgetary estimates by \$179,971 and actual expenditures were more than budgetary estimates by \$148,931.

Capital Assets and Debt Administration

Capital Assets. The City's capital asset balance for its governmental and business-type activities as of September 30, 2018 amounts to \$16,282,236 (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 City purchased a parcel of land totaling \$25,000.
- The Fire department purchased equipment totaling \$21,168.
- The City completed the Reynolds Drive project. The total cost of the project was \$597,601.

Business-type activities:

- The City continued improvements to the Water & Sewer System totaling \$32,555 during fiscal year 2018.
- The City completed extensions to the Water & Sewer System totaling \$251,879 during fiscal year 2018.
- The City purchased a used vehicle, pumps and generators for the Water & Sewer System totaling \$145,377.

CITY OF GREENSBORO, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS
 SEPTEMBER 30, 2018
 (CONTINUED)

City of Greensboro
Capital Assets
(Net of Accumulated Depreciation)

| | Governmental Activities | | Business-type Activities | | Total | |
|--------------------------|-------------------------|---------------------|--------------------------|----------------------|----------------------|----------------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Land | \$ 1,216,843 | \$ 1,191,843 | \$ 394,874 | \$ 394,874 | \$ 1,611,717 | \$ 1,586,717 |
| Construction in progress | 773,618 | 1,274,095 | 32,554 | 74,367 | 806,172 | 1,348,462 |
| Building & improvements | 995,991 | 921,265 | 9,339,482 | 9,364,130 | 10,335,473 | 10,285,395 |
| Infrastructure | 1,984,776 | 1,481,571 | 681,492 | 963,989 | 2,666,268 | 2,445,560 |
| Equipment | 209,485 | 233,288 | 232,177 | 208,480 | 441,662 | 441,768 |
| Furniture & fixtures | 489 | 812 | - | - | 489 | 812 |
| Vehicles | 411,562 | 509,954 | 8,893 | 6,626 | 420,455 | 516,580 |
| Total | \$ 5,592,764 | \$ 5,612,828 | \$ 10,689,472 | \$ 11,012,466 | \$ 16,282,236 | \$ 16,625,294 |

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 \$2,522,967. Water and Sewerage Revenue Bonds account for \$350,000. 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 \$ 1,455,000 at year end. There is a note payable to GEFA in the Water Sewer Fund of \$748,832.

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
Outstanding Debt

| | Governmental Activities | | Business-Type Activities | | Totals | |
|---------------|-------------------------|-------------|--------------------------|---------------------|---------------------|---------------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Revenue Bonds | \$ - | \$ - | \$ 1,774,135 | \$ 2,099,950 | \$ 1,774,135 | \$ 2,099,950 |
| Notes Payable | - | - | 748,832 | 814,681 | 748,832 | 814,681 |
| Total | \$ - | \$ - | \$ 2,522,967 | \$ 2,914,631 | \$ 2,522,967 | \$ 2,914,631 |

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 FY2018, sales tax revenue increased approximately 13.69%.

CITY OF GREENSBORO, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2018

(CONTINUED)

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, 2018

| | Primary Government | | | Component Units | |
|--|----------------------------|-----------------------------|-------------------|--------------------|--------------------------------------|
| | Governmental Activities | Business-Type Activities | Total | Better Hometown | Downtown Development Authority |
| ASSETS | | | | | |
| Current Assets | | | | | |
| Cash and cash equivalents | \$ 2,307,550 | \$ 823 | \$ 2,308,373 | \$ 11,953 | \$ 17,061 |
| Certificate of deposit | 110,634 | 250,417 | 361,051 | - | - |
| Restricted cash and cash equivalents: | | | | | |
| Cash and cash equivalents | - | 739,296 | 739,296 | - | - |
| Certificate of deposit | - | 540,993 | 540,993 | - | - |
| Receivables, net of allowance | | | | | |
| Taxes | 20,432 | - | 20,432 | - | - |
| Accounts | 48,612 | 810,906 | 859,518 | - | 1,037 |
| Intergovernmental | 312,480 | - | 312,480 | 5,126 | - |
| Prepays | 83,609 | 41,405 | 125,014 | - | - |
| Total Current Assets | 2,883,317 | 2,383,840 | 5,267,157 | 17,079 | 18,098 |
| Noncurrent Assets | | | | | |
| Investment-joint venture | - | 2,286,552 | 2,286,552 | - | - |
| Capital assets | | | | | |
| Nondepreciable | 1,990,461 | 427,428 | 2,417,889 | - | 50,000 |
| Depreciable, net of accumulated depreciation | 3,602,303 | 10,262,044 | 13,864,347 | - | 1,732,388 |
| Total Noncurrent Assets | 5,592,764 | 12,976,024 | 18,568,788 | - | 1,782,388 |
| Total Assets | 8,476,081 | 15,359,864 | 23,835,945 | 17,079 | 1,800,486 |
| DEFERRED OUTFLOW OF RESOURCES | | | | | |
| Deferred charge on refunding | - | 16,509 | 16,509 | - | - |
| Deferred outflows of resources related to pensions | 215,679 | 82,978 | 298,657 | - | - |
| Total Deferred Outflow of Resources | 215,679 | 99,487 | 315,166 | - | - |

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, 2018
(CONTINUED)

| | Primary Government | | | Component Units | |
|---|----------------------------|-----------------------------|---------------------|--------------------|--------------------------------------|
| | Governmental Activities | Business-Type Activities | Total | Better Hometown | Downtown Development Authority |
| LIABILITIES | | | | | |
| Accounts payable | 169,390 | 288,843 | 458,233 | 1,399 | - |
| Accrued expenses | 45,259 | 10,017 | 55,276 | - | 4,708 |
| Customer deposits | - | 29,621 | 29,621 | - | - |
| Unearned income | - | - | - | 10,000 | - |
| Noncurrent liabilities | | | | | |
| Due within one year: | | | | | |
| Notes payable | - | 68,559 | 68,559 | - | - |
| Revenue bonds payable | - | 390,000 | 390,000 | - | - |
| Compensated absences | 35,459 | 9,101 | 44,560 | - | - |
| Due in more than one year: | | | | | |
| Notes payable | - | 680,273 | 680,273 | - | - |
| Revenue bonds payable | - | 1,384,135 | 1,384,135 | - | - |
| Net pension liability | 428,395 | 164,817 | 593,212 | - | - |
| Total Liabilities | 678,503 | 3,025,366 | 3,703,869 | 11,399 | 4,708 |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Deferred Inflows of resources related to pensions | 141,086 | 54,280 | 195,366 | - | - |
| Total Deferred Inflows of Resources | 141,086 | 54,280 | 195,366 | - | - |
| NET POSITION | | | | | |
| Net investment in capital assets | 5,592,764 | 9,590,640 | 15,183,404 | - | 1,782,388 |
| Restricted for | | | | | |
| Debt service | - | 705,711 | 705,711 | - | - |
| Cemetery maintenance | 87,569 | - | 87,569 | - | - |
| Law enforcement | 6,177 | - | 6,177 | - | - |
| Capital outlay | 1,116,169 | - | 1,116,169 | - | - |
| Unrestricted | 1,069,492 | 2,083,354 | 3,152,846 | 5,680 | 13,390 |
| Total Net Position | \$ 7,872,171 | \$ 12,379,705 | \$20,251,876 | \$ 5,680 | \$ 1,795,778 |

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, 2018

| Functions/Programs | Expenses | Program Revenues | | |
|---------------------------------------|---------------------|-------------------------|--|--|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary Government | | | | |
| Governmental Activities | | | | |
| General government | \$ 646,665 | \$ 103,846 | \$ 10,848 | \$ 187,411 |
| Judicial | 65,898 | - | - | - |
| Public safety | 1,894,177 | - | 231,284 | 21,841 |
| Public works | 1,065,373 | - | 82,379 | 875,780 |
| Health and welfare | 646 | - | - | - |
| Culture and recreation | 101,440 | - | - | 4,368 |
| Housing and development | 398,237 | - | - | 11,386 |
| Total Governmental Activities | <u>4,172,436</u> | <u>103,846</u> | <u>324,511</u> | <u>1,100,786</u> |
| Business-Type Activities | | | | |
| Water & Sewer | 1,881,557 | 2,448,634 | - | 177,933 |
| Gas System | 2,937,819 | 3,621,490 | - | 91,125 |
| Total Business-Type Activities | <u>4,819,376</u> | <u>6,070,124</u> | <u>-</u> | <u>269,058</u> |
| Total Primary Government | <u>\$ 8,991,812</u> | <u>\$ 6,173,970</u> | <u>\$ 324,511</u> | <u>\$ 1,369,844</u> |
| Component Units | | | | |
| Better Hometown | \$ 92,009 | \$ - | \$ 75,592 | \$ - |
| Downtown Development Authority | 66,720 | - | 3,167 | 11,850 |
| Total Component Units | <u>\$ 158,729</u> | <u>\$ -</u> | <u>\$ 78,759</u> | <u>\$ 11,850</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, 2018
(CONTINUED)

| Net (Expense) Revenue and Changes in Net Position | | | Component Units | |
|--|-----------------------------|----------------------|--------------------|--------------------------------------|
| Primary Government | | | | |
| Governmental Activities | Business-Type Activities | Total | Better Hometown | Downtown Development Authority |
| \$ (344,560) | \$ - | \$ (344,560) | | |
| (65,898) | - | (65,898) | | |
| (1,641,052) | - | (1,641,052) | | |
| (107,214) | - | (107,214) | | |
| (646) | - | (646) | | |
| (97,072) | - | (97,072) | | |
| (386,851) | - | (386,851) | | |
| <u>(2,643,293)</u> | <u>-</u> | <u>(2,643,293)</u> | | |
| | - | 745,010 | | |
| | - | 774,796 | | |
| | - | 1,519,806 | | |
| <u>(2,643,293)</u> | <u>1,519,806</u> | <u>(1,123,487)</u> | | |
| | | | \$ (16,417) | \$ - |
| | | | - | (51,703) |
| | | | <u>(16,417)</u> | <u>(51,703)</u> |
| 585,355 | - | 585,355 | - | - |
| 881,020 | - | 881,020 | - | - |
| 328,292 | - | 328,292 | - | - |
| 647,698 | - | 647,698 | - | - |
| 1,704 | 8,482 | 10,186 | 9 | 2 |
| 51,239 | 85,899 | 137,138 | - | - |
| <u>2,495,308</u> | <u>94,381</u> | <u>2,589,689</u> | <u>9</u> | <u>2</u> |
| 1,386,285 | (1,386,285) | - | - | - |
| <u>3,881,593</u> | <u>(1,291,904)</u> | <u>2,589,689</u> | <u>9</u> | <u>2</u> |
| 1,238,300 | 227,902 | 1,466,202 | (16,408) | (51,701) |
| 6,633,871 | 12,151,803 | 18,785,674 | 22,088 | 1,847,479 |
| <u>\$ 7,872,171</u> | <u>\$ 12,379,705</u> | <u>\$ 20,251,876</u> | <u>\$ 5,680</u> | <u>\$ 1,795,778</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, 2018

| | General Fund | SPLOST 2015 | Non-Major Governmental Funds | Total Governmental Funds |
|---|-----------------|----------------|------------------------------------|--------------------------------|
| <u>ASSETS</u> | | | | |
| Cash and cash equivalent | \$ 1,207,750 | \$ 1,082,569 | \$ 17,231 | \$ 2,307,550 |
| Certificates of deposit | 30,586 | - | 80,048 | 110,634 |
| Receivables, net of allowance | | | | |
| Taxes | 20,432 | - | - | 20,432 |
| Accounts | 41,878 | - | 6,734 | 48,612 |
| Intergovernmental | 103,331 | 178,365 | 30,784 | 312,480 |
| Due from other funds | 115,285 | - | 1,980 | 117,265 |
| Prepays | 83,609 | - | - | 83,609 |
| Total Assets | \$ 1,602,871 | \$ 1,260,934 | \$ 136,777 | \$ 3,000,582 |
| <u>LIABILITIES</u> | | | | |
| Accounts payable | \$ 96,879 | \$ 44,399 | \$ 28,112 | \$ 169,390 |
| Accrued expenses | 45,259 | - | - | 45,259 |
| Due to other funds | 1,980 | 103,897 | 11,388 | 117,265 |
| Total Liabilities | 144,118 | 148,296 | 39,500 | 331,914 |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | | | |
| Unavailable revenue - property taxes | 16,244 | - | - | 16,244 |
| Total Deferred Inflows of Resources | 16,244 | - | - | 16,244 |
| <u>FUND BALANCES</u> | | | | |
| Nonspendable | 83,609 | - | - | 83,609 |
| Restricted | - | 1,112,638 | 97,277 | 1,209,915 |
| Unassigned | 1,358,900 | - | - | 1,358,900 |
| Total Fund Balances | 1,442,509 | 1,112,638 | 97,277 | 2,652,424 |
| Total Liabilities, Deferred inflows of Resources and Fund Balances | \$ 1,602,871 | \$ 1,260,934 | \$ 136,777 | \$ 3,000,582 |

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, 2018

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

| | |
|--|---------------------|
| Total Fund Balances - Governmental Funds | \$ 2,652,424 |
| Capital Assets | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | |
| Cost of the assets | 9,165,201 |
| Accumulated depreciation | (3,572,437) |
| Deferred outflows of resources | |
| Related to pensions | 215,679 |
| 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 | (35,459) |
| Net pension liability | (428,395) |
| Deferred inflows of resources | |
| Related to pensions | (141,086) |
| 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>16,244</u> |
| Total Net Position of Governmental Activities | <u>\$ 7,872,171</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, 2018

| | General Fund | SPLOST 2015 | Non-Major Governmental Funds | Total Governmental Funds |
|--|---------------------|---------------------|------------------------------------|--------------------------------|
| <u>REVENUES</u> | | | | |
| Taxes | | | | |
| Property tax | \$ 590,191 | \$ - | \$ - | \$ 590,191 |
| Sales tax | 881,020 | - | - | 881,020 |
| Other taxes | 906,533 | - | 69,457 | 975,990 |
| License and permits | 23,176 | - | - | 23,176 |
| Intergovernmental | 324,511 | 1,010,813 | 89,973 | 1,425,297 |
| Charges for Services | 980 | - | - | 980 |
| Fines & forfeitures | 79,690 | - | - | 79,690 |
| Interest earnings | 1,289 | - | 415 | 1,704 |
| Miscellaneous revenues | 40,880 | - | 10,359 | 51,239 |
| Total Revenues | 2,848,270 | 1,010,813 | 170,204 | 4,029,287 |
| <u>EXPENDITURES</u> | | | | |
| Current | | | | |
| General government | 617,621 | - | 27,791 | 645,412 |
| Judicial | 65,898 | - | - | 65,898 |
| Public safety | 1,792,316 | 89,066 | - | 1,881,382 |
| Public works | 566,677 | 176,213 | - | 742,890 |
| Health and welfare | 646 | - | - | 646 |
| Culture and recreation | 73,887 | - | 14,674 | 88,561 |
| Housing and development | 343,442 | 41,609 | 13,186 | 398,237 |
| Capital Outlay | - | 217,735 | 91,569 | 309,304 |
| Total Expenditures | 3,460,487 | 524,623 | 147,220 | 4,132,330 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (612,217) | 486,190 | 22,984 | (103,043) |
| <u>OTHER FINANCING SOURCES (USES)</u> | | | | |
| Transfers from other funds | 1,427,951 | - | 14,782 | 1,442,733 |
| Transfers to other funds | (14,782) | - | (41,666) | (56,448) |
| Total other financing sources (uses) | 1,413,169 | - | (26,884) | 1,386,285 |
| Net change in fund balances | 800,952 | 486,190 | (3,900) | 1,283,242 |
| Fund Balance, beginning of year | 641,557 | 626,448 | 101,177 | 1,369,182 |
| Fund Balance, end of year | \$ 1,442,509 | \$ 1,112,638 | \$ 97,277 | \$ 2,652,424 |

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, 2018

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

Net change in fund balances - total governmental funds \$ 1,283,242

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 | 251,292 |
| Total depreciation | (271,356) |

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 | (94,006) |
|--|----------|

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 | (8,219) |
| Net pension liability | 132,413 |

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 | (50,230) |
|---|----------|

Revenues

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

| | |
|--|----------------|
| | <u>(4,836)</u> |
|--|----------------|

Change in Net Position of Governmental Activities

| | |
|--|----------------------------|
| | <u><u>\$ 1,238,300</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
 BUDGET AND ACTUAL
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

| | Budget Amounts | | Actual | Variance with Final Budget |
|--------------------------|------------------|------------------|------------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Taxes | | | | |
| Property | \$ 572,100 | \$ 572,100 | \$ 590,191 | \$ 18,091 |
| Sales | 730,000 | 730,000 | 881,020 | 151,020 |
| Franchise | 354,000 | 354,000 | 328,292 | (25,708) |
| Insurance premium | 200,000 | 200,000 | 223,242 | 23,242 |
| Occupational | 55,000 | 55,000 | 70,689 | 15,689 |
| Alcoholic beverage | 83,000 | 83,000 | 90,044 | 7,044 |
| Other | 166,300 | 166,300 | 194,266 | 27,966 |
| Licenses and permits | 5,000 | 5,000 | 23,176 | 18,176 |
| Intergovernmental | 336,499 | 336,499 | 324,511 | (11,988) |
| Charges for services | 400 | 400 | 980 | 580 |
| Fines and forfeitures | 108,000 | 108,000 | 79,690 | (28,310) |
| Investment earnings | 5,000 | 5,000 | 1,289 | (3,711) |
| Miscellaneous | 53,000 | 53,000 | 40,880 | (12,120) |
| Total Revenues | 2,668,299 | 2,668,299 | 2,848,270 | 179,971 |
| EXPENDITURES | | | | |
| Current | | | | |
| General government | | | | |
| Governing Body | 99,880 | 99,880 | 123,253 | (23,373) |
| City Manager | 88,300 | 88,300 | 99,060 | (10,760) |
| Financial Administration | 351,910 | 351,910 | 395,308 | (43,398) |
| Judicial | | | | |
| Municipal Court | 78,020 | 78,020 | 55,675 | 22,345 |
| Public Defender | 30,000 | 30,000 | 10,223 | 19,777 |
| Public safety | | | | |
| Police Protection | 1,468,396 | 1,468,396 | 1,677,494 | (209,098) |
| Fire Protection | 119,450 | 119,450 | 84,822 | 34,628 |
| Animal Control | 30,000 | 30,000 | 30,000 | - |
| Public works | | | | |
| Highways and Streets | 527,620 | 527,620 | 530,101 | (2,481) |
| Maintenance Shop | 16,960 | 16,960 | 19,126 | (2,166) |
| Cemetery | 17,000 | 17,000 | 17,450 | (450) |
| Health and Welfare | | | | |
| Community Services | 10,700 | 10,700 | 646 | 10,054 |
| Culture and recreation | | | | |
| Recreation | 78,600 | 78,600 | 73,887 | 4,713 |

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, 2018
 (CONTINUED)

| | Budget Amounts | | Actual | Variance with Final Budget |
|--|----------------|------------|--------------|-------------------------------|
| | Original | Final | | |
| Housing and development | | | | |
| Planning and Zoning | 126,600 | 126,600 | 97,254 | 29,346 |
| Economic Development | 114,380 | 114,380 | 82,221 | 32,159 |
| Downtown Development | 153,740 | 153,740 | 163,967 | (10,227) |
| Total Expenditures | 3,311,556 | 3,311,556 | 3,460,487 | (148,931) |
| Excess of Revenue Over (Under) Expenditure | (643,257) | (643,257) | (612,217) | 31,040 |
| <u>OTHER FINANCING SOURCES (USES)</u> | | | | |
| Transfer from other funds | 978,100 | 978,100 | 1,427,950 | 449,850 |
| Transfer to other funds | - | - | (14,781) | (14,781) |
| Total Other Financing Sources (Uses) | 978,100 | 978,100 | 1,413,169 | 435,069 |
| Net change in fund balance | 334,843 | 334,843 | 800,952 | 466,109 |
| Fund balance, beginning of year | 641,557 | 641,557 | 641,557 | - |
| Fund balance, end of year | \$ 976,400 | \$ 976,400 | \$ 1,442,509 | \$ 466,109 |

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, 2018

| | Business-type Activities- Enterprise Funds | | |
|--|---|---------------|------------|
| | Water & Sewer Fund | Gas System | Total |
| <u>ASSETS</u> | | | |
| Current Assets | | | |
| Cash and cash equivalents | \$ 384 | \$ 439 | \$ 823 |
| Certificates of deposit | 7,850 | 242,567 | 250,417 |
| Restricted cash | 164,718 | 574,578 | 739,296 |
| Restricted certificates of deposit | 540,993 | - | 540,993 |
| Accounts receivable, net | 429,740 | 381,166 | 810,906 |
| Prepaid expenses | 37,955 | 3,450 | 41,405 |
| Total Current Assets | 1,181,640 | 1,202,200 | 2,383,840 |
| Long-Term Assets | | | |
| Investment-joint venture | - | 2,286,552 | 2,286,552 |
| Capital assets: | | | |
| Nondepreciable | 427,102 | 326 | 427,428 |
| Depreciable, net | 9,256,888 | 1,005,156 | 10,262,044 |
| Total capital assets, net | 9,683,990 | 1,005,482 | 10,689,472 |
| Total Long-Term Assets | 9,683,990 | 3,292,034 | 12,976,024 |
| Total Assets | 10,865,630 | 4,494,234 | 15,359,864 |
| <u>DEFERRED OUTFLOWS OF RESOURCES</u> | | | |
| Deferred charge on refunding | 16,509 | - | 16,509 |
| Deferred outflows of resources related to pensions | 68,266 | 14,712 | 82,978 |
| Total Deferred Outflows of Resources | 84,775 | 14,712 | 99,487 |

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, 2018
 (CONTINUED)

| | Business-type Activities- Enterprise Funds | | |
|--|---|---------------------|----------------------|
| | Water & Sewer Fund | Gas System | Total |
| <u>LIABILITIES</u> | | | |
| Current Liabilities | | | |
| Accounts payable | 74,729 | 214,114 | 288,843 |
| Accrued expenses | 9,333 | 684 | 10,017 |
| Customer deposits | 18,025 | 11,596 | 29,621 |
| Compensated absences | 8,110 | 991 | 9,101 |
| Total current liabilities payable from unrestricted assets | 110,197 | 227,385 | 337,582 |
| Current liabilities payable from restricted assets: | | | |
| Notes payable - current | 68,559 | - | 68,559 |
| Revenue bonds payable - current | 350,000 | 40,000 | 390,000 |
| Total current liabilities payable from restricted assets | 418,559 | 40,000 | 458,559 |
| Total Current Liabilities | 528,756 | 267,385 | 796,141 |
| Long-term liabilities: | | | |
| Notes payable | 680,273 | - | 680,273 |
| Revenue bonds payable | - | 1,384,135 | 1,384,135 |
| Net pension liability | 135,595 | 29,222 | 164,817 |
| Total long-term liabilities | 815,868 | 1,413,357 | 2,229,225 |
| Total Liabilities | 1,344,624 | 1,680,742 | 3,025,366 |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | | |
| Deferred inflows of resources related to pensions | 44,656 | 9,624 | 54,280 |
| Total Deferred Inflows of Resources | 44,656 | 9,624 | 54,280 |
| <u>NET POSITION</u> | | | |
| Net investment in capital assets | 8,585,158 | 1,005,482 | 9,590,640 |
| Restricted for debt service | 705,711 | - | 705,711 |
| Unrestricted | 270,256 | 1,813,098 | 2,083,354 |
| Total Net Position | \$ 9,561,125 | \$ 2,818,580 | \$ 12,379,705 |

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, 2018

| | Business-type Activities- Enterprise Funds | | |
|--|---|---------------|--------------|
| | Water & Sewer Fund | Gas System | Total |
| <u>Operating revenues:</u> | | | |
| Charges and fees | \$ 2,448,634 | \$ 3,621,490 | \$ 6,070,124 |
| Total operating revenues | 2,448,634 | 3,621,490 | 6,070,124 |
| <u>Operating expenses:</u> | | | |
| Salaries and benefits | 649,072 | 99,084 | 748,156 |
| Contract management | 53,220 | 9,424 | 62,644 |
| Cost of sales | - | 2,529,798 | 2,529,798 |
| Legal and professional | 86,908 | 3,306 | 90,214 |
| Operating materials | 93,275 | 20,467 | 113,742 |
| Other operating expenses | 92,175 | 98,390 | 190,565 |
| Repairs and maintenance | 133,123 | 43,753 | 176,876 |
| Small equipment | 331 | - | 331 |
| Utilities | 249,822 | 23,719 | 273,541 |
| Depreciation | 449,026 | 51,900 | 500,926 |
| Total operating expenses | 1,806,952 | 2,879,841 | 4,686,793 |
| Operating income (loss) | 641,682 | 741,649 | 1,383,331 |
| <u>Nonoperating revenues (expenses):</u> | | | |
| Interest income | 2,113 | 6,369 | 8,482 |
| Investment gain-joint venture | - | 85,899 | 85,899 |
| Intergovernmental revenue | - | 91,125 | 91,125 |
| Interest expense | (74,605) | (57,978) | (132,583) |
| Total nonoperating revenues (expenses) | (72,492) | 125,415 | 52,923 |
| Income (loss) before contributions and transfers | 569,190 | 867,064 | 1,436,254 |

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, 2018
 (CONTINUED)

| | Business-type Activities- Enterprise Funds | | |
|----------------------------------|---|---------------|---------------|
| | Water & Sewer Fund | Gas System | Total |
| Capital contributions | 177,933 | - | 177,933 |
| Transfers out | (652,714) | (733,571) | (1,386,285) |
| Change in net position | 94,409 | 133,493 | 227,902 |
| Net Position - Beginning of Year | 9,466,716 | 2,685,087 | 12,151,803 |
| Net Position - End of Year | \$ 9,561,125 | \$ 2,818,580 | \$ 12,379,705 |

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, 2018

| | Business-type Activities- Enterprise Funds | | |
|---|---|-------------------|--------------------|
| | Water & Sewer Fund | Gas System | Total |
| <u>Cash Flows from Operating Activities:</u> | | | |
| Cash received from customers | \$ 2,351,817 | \$ 3,545,473 | \$ 5,897,290 |
| Cash paid to suppliers for goods and services | (684,030) | (2,716,766) | (3,400,796) |
| Cash paid to employees | (634,914) | (94,518) | (729,432) |
| Net Cash Flows Provided by (Used for) Operating Activities | 1,032,873 | 734,189 | 1,767,062 |
| <u>Cash Flows from Noncapital Financing Activities:</u> | | | |
| Transfers | (652,714) | (733,571) | (1,386,285) |
| Net Cash Flows Provided by (Used for) Noncapital Financing Activities | (652,714) | (733,571) | (1,386,285) |
| <u>Cash Flows from Capital and Related Financing Activities:</u> | | | |
| Principal payments on revenue bonds and notes | (357,899) | (35,000) | (392,899) |
| Interest and fiscal charges on revenue bonds and notes | (58,093) | (55,554) | (113,647) |
| Intergovernmental revenue | - | 91,125 | 91,125 |
| Net Cash Flows Provided by (Used for) Capital and Related Financing Activities | (415,992) | 571 | (415,421) |
| <u>Cash Flows from Investing Activities:</u> | | | |
| Interest income | 2,113 | 6,369 | 8,482 |
| Purchase of investments | (2,113) | (1,189) | (3,302) |
| Net Cash Flows Provided by (Used for) Investing Activities | - | 5,180 | 5,180 |
| Net Increase (Decrease) in Cash and Cash Equivalents | (35,833) | 6,369 | (29,464) |
| Cash and Cash Equivalents, Beginning of Year | 200,935 | 568,648 | 769,583 |
| Cash and Cash Equivalents, End of Year | \$ 165,102 | \$ 575,017 | \$ 740,119 |

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, 2018
 (CONTINUED)

| | Business-type Activities- Enterprise Funds | | |
|--|---|---------------|--------------|
| | Water & Sewer Fund | Gas System | Total |
| Noncash Investing, Capital and Financing Activities | | | |
| Contributions of capital assets from government | \$ 177,933 | \$ - | \$ 177,933 |
| Classified as: | | | |
| Current assets | \$ 384 | \$ 439 | \$ 823 |
| Restricted assets | 164,718 | 574,578 | 739,296 |
| Total Cash and Cash Equivalents, End of Year | \$ 165,102 | \$ 575,017 | \$ 740,119 |
| Reconciliation of Net Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities | | | |
| Net Operating Income (Loss) | \$ 641,682 | \$ 741,649 | \$ 1,383,331 |
| Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities: | | | |
| Depreciation and amortization | 449,026 | 51,900 | 500,926 |
| Changes in Assets and Liabilities: | | | |
| (Increase) decrease in accounts receivable | (135,967) | (55,077) | (191,044) |
| (Increase) decrease in due from other funds | 40,977 | - | 40,977 |
| (Increase) decrease in prepaid expenses | (7,035) | (639) | (7,674) |
| (Increase) decrease in deferred outflows - pensions | 17,273 | 1,874 | 19,147 |
| Increase (decrease) in accounts payable | 31,859 | 12,730 | 44,589 |
| Increase (decrease) in accrued liabilities | (3,467) | (1,153) | (4,620) |
| Increase (decrease) in customer deposits | (1,827) | 295 | (1,532) |
| Increase (decrease) in due to other funds | - | (21,235) | (21,235) |
| Increase (decrease) in net pension liability | (19,177) | (944) | (20,121) |
| Increase (decrease) in deferred inflows - pensions | 19,529 | 4,789 | 24,318 |
| Total Adjustments | 391,191 | (7,460) | 383,731 |
| Net Cash Provided by (Used for) Operating Activities | \$ 1,032,873 | \$ 734,189 | \$ 1,767,062 |

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, 2018

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, 2018
(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, 2018
(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, 2018
(CONTINUED)

The government reports the following major governmental funds:

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

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

The government reports the following major proprietary funds:

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

Additionally, the government reports the following fund types:

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

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

D. Deposits and Investments

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

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(CONTINUED)

E. Receivables

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

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

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

F. Inventories

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

G. Prepaid Items

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

H. Capital Assets

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

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

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

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(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.

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(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, 2018
 (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, 2018:

| | General Fund | 2015 SPLOST | Nonmajor Governmental | Total |
|----------------------|-----------------|----------------|--------------------------|--------------|
| Fund Balances | | | | |
| Nonspendable: | | | | |
| Prepays | \$ 83,609 | \$ - | \$ - | \$ 83,609 |
| Restricted for: | | | | |
| Cemetery Maintenance | - | - | 87,569 | 87,569 |
| Law enforcement | - | - | 6,177 | 6,177 |
| Capital outlay | - | 1,112,638 | 3,531 | 1,116,169 |
| Unassigned | 1,358,900 | - | - | 1,358,900 |
| Total fund balance | \$ 1,442,509 | \$ 1,112,638 | \$ 97,277 | \$ 2,652,424 |

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, 2018
(CONTINUED)

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

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

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

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

B. Excess of Expenditures Over Appropriations

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

General Fund:

| | | |
|--------------------------|----|---------|
| Governing Body | \$ | 23,373 |
| City Manager | | 10,760 |
| Financial Administration | | 43,398 |
| Police Protection | | 209,098 |
| Highways and Streets | | 2,481 |
| Maintenance Shop | | 2,166 |
| Cemetery | | 450 |
| Downtown Development | | 10,227 |
| Transfer to other funds | | 14,781 |

Hotel\Motel Fund:

| | | |
|-------------------------|--|-------|
| General Government | | 1,791 |
| Transfer to Other Funds | | 4,666 |

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2018
 (CONTINUED)

NOTE 3 – DEPOSITS AND INVESTMENTS

A. Custodial Credit Risk – Deposits

The custodial credit risk of deposits is the risk that in the event of the failure of a bank, the City’s deposits may not be recovered. The City’s bank balances of deposits as of September 30, 2018 are entirely insured or collateralized with securities held by the City’s agent in the City’s name. State statutes require banks holding public funds to secure these funds by FDIC insurance, securities pledged at par value, and surety bonds at face value in combined aggregate totaling not less than 110 percent of the public funds held.

At September 30, 2018, the City’s certificates of deposits were as follows:

| <u>CD’s</u> | <u>Maturity</u> | <u>Amount</u> |
|--|-----------------|---------------|
| Certificates of Deposit – Nonmajor Governmental Fund | 12 months | \$ 80,048 |
| Certificates of Deposit – General Fund | 48 months | 30,586 |
| Certificates of Deposit – Water & Sewer Fund | 30 days | 118,499 |
| Certificates of Deposit – Water & Sewer Fund | 30 days | 254,685 |
| Certificates of Deposit – Water & Sewer Fund | 6 months | 128,813 |
| Certificates of Deposit – Water & Sewer Fund | 48 months | 46,846 |
| Certificates of Deposit – Gas Fund | 48 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, 2018, the City’s only investments were in certificates of deposit.

NOTE 4 – PROPERTY TAXES

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

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2018
 (CONTINUED)

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

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

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

The property tax calendar is as follows:

| | Real/Personal Property (Excluding Vehicles) | Motor Vehicles |
|------------------------------|---|-------------------|
| Assessment Date | January 1 | January 1 |
| Levy Date | October 18 | January 1 |
| Due Date and Collection Date | December 6 | Staggered |

Property taxes receivable have been reduced to their estimated net realizable value. Estimated uncollectible amounts are based upon historical experience rates and result in a direct reduction of the related revenue amount at the end of the period. The 2018 tax digest receivable and amounts collected at year-end are reported as deferred inflows of resources – unavailable revenues on the Governmental Fund statements.

NOTE 5 – HOTEL/MOTEL EXCISE TAX

A summary of the hotel/motel excise tax expenditures and receipts for the year ended September 30, 2018, is as follows:

| <u>Expenditures By Purpose</u> | <u>Amount</u> | <u>Tax Receipts</u> | <u>Percentage</u> |
|--------------------------------|------------------|---------------------|-------------------|
| Promote tourism | \$ 27,791 | \$ 69,457 | 40% |
| General Fund | <u>41,666</u> | <u>-</u> | <u>60%</u> |
| Total | <u>\$ 69,457</u> | <u>\$ 69,457</u> | <u>100%</u> |

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2018
 (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 | Water & Sewer | Gas System | Non-major Governmental | Total |
|---------------------------------------|------------|----------------|------------------|------------|---------------------------|--------------|
| Receivables: | | | | | | |
| Taxes | \$ 110,013 | \$ - | \$ - | \$ - | \$ - | \$ 110,013 |
| Accounts | 41,878 | - | 1,032,257 | 712,060 | 6,734 | 1,792,929 |
| Intergovernmental | 103,331 | 178,365 | - | - | 30,784 | 312,480 |
| Gross Receivables | 255,222 | 178,365 | 1,032,257 | 712,060 | 37,518 | 2,215,422 |
| Less: allowance for uncollectibles | (89,581) | - | (602,517) | (330,894) | - | (1,022,992) |
| Total net receivables | \$ 165,641 | \$ 178,365 | \$ 429,740 | \$ 381,166 | \$ 37,518 | \$ 1,192,430 |

NOTE 7 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of September 30, 2018, is as follows:

Due to / from other funds:

| Receivable Fund | Payable Fund | Amount |
|-----------------------|-----------------------|-------------------|
| General Fund | SPLOST 2015 Fund | \$ 103,897 |
| | Nonmajor Governmental | 11,388 |
| Nonmajor Governmental | General Fund | 1,980 |
| | | <u>\$ 117,265</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, 2018
 (CONTINUED)

Interfund transfers:

| | Transfer In: | | |
|-----------------------------|--------------|-----------------------|--------------|
| | General Fund | Nonmajor Governmental | Total |
| Transfer Out: | | | |
| General Fund | \$ - | \$ 14,782 | \$ 14,782 |
| Gas System Fund | 733,571 | - | 733,571 |
| Water & Sewer Fund | 652,714 | - | 652,714 |
| Nonmajor Governmental Funds | 41,666 | - | 41,666 |
| Total | \$ 1,427,951 | \$ 14,782 | \$ 1,442,733 |

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 | \$ 25,000 | \$ - | \$ - | \$ 1,216,843 |
| Construction in progress | 1,274,095 | 97,124 | - | (597,601) | 773,618 |
| Total capital assets, not being depreciated | 2,465,938 | 122,124 | - | (597,601) | 1,990,461 |
| Capital assets, being depreciated | | | | | |
| Buildings | 1,342,839 | 108,000 | - | - | 1,450,839 |
| Machinery & equipment | 1,336,652 | 21,168 | - | - | 1,357,820 |
| Furniture & fixtures | 12,165 | - | - | - | 12,165 |
| Vehicles | 1,599,516 | - | - | - | 1,599,516 |
| Infrastructure | 2,156,799 | - | - | 597,601 | 2,754,400 |
| Total capital assets, being depreciated | 6,447,971 | 129,168 | - | 597,601 | 7,174,740 |
| Less accumulated depreciation for: | | | | | |
| Buildings | (421,574) | (33,274) | - | - | (454,848) |
| Machinery & equipment | (1,103,364) | (44,971) | - | - | (1,148,335) |
| Furniture & fixtures | (11,353) | (323) | - | - | (11,676) |
| Vehicles | (1,089,562) | (98,392) | - | - | (1,187,954) |
| Infrastructure | (675,228) | (94,396) | - | - | (769,624) |
| Total accumulated depreciation | (3,301,081) | (271,356) | - | - | (3,572,437) |
| Total capital assets, being depreciated, net | 3,146,890 | (142,188) | - | 597,601 | 3,602,303 |
| Governmental activities capital assets, net | \$ 5,612,828 | \$ (20,064) | \$ - | \$ - | \$ 5,592,764 |

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2018
 (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 | 74,367 | 32,555 | - | (74,368) | 32,554 |
| Total capital assets, not being depreciated | 469,241 | 32,555 | - | (74,368) | 427,428 |
| Capital assets, being depreciated: | | | | | |
| Buildings and improvements | 13,301,441 | - | - | 251,879 | 13,553,320 |
| Infrastructure | 5,470,474 | - | - | (177,511) | 5,292,963 |
| Equipment | 1,566,940 | 139,877 | - | - | 1,706,817 |
| Vehicles | 144,211 | 5,500 | - | - | 149,711 |
| Total capital assets being depreciated | 20,483,066 | 145,377 | - | 74,368 | 20,702,811 |
| Less accumulated depreciation for: | | | | | |
| Buildings and improvements | (3,937,311) | (276,527) | - | - | (4,213,838) |
| Infrastructure | (4,506,485) | (104,986) | - | - | (4,611,471) |
| Equipment | (1,358,460) | (116,180) | - | - | (1,474,640) |
| Vehicles | (137,585) | (3,233) | - | - | (140,818) |
| Total accumulated depreciation | (9,939,841) | (500,926) | - | - | (10,440,767) |
| Total capital assets, being depreciated, net | 10,543,225 | (355,549) | - | 74,368 | 10,262,044 |
| Business-type activities capital assets, net | <u>\$ 11,012,466</u> | <u>\$ (322,994)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>10,689,472</u> |
| | | | | Less related long-term debt outstanding * | <u>(1,098,832)</u> |
| | | | | Net investment in capital assets | <u>\$ 9,590,640</u> |

* - 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 \$1,424,134 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, 2018
 (CONTINUED)

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

Governmental activities:

| | |
|--|-------------------|
| General government | \$ 6,211 |
| Public safety | 141,963 |
| Public works | 110,303 |
| Culture and recreation | 12,879 |
| Total depreciation expense - governmental activities | <u>\$ 271,356</u> |

Business-type activities:

| | |
|---|-------------------|
| Water and sewer | \$ 449,026 |
| Gas system | 51,900 |
| Total depreciation expense - business-type activities | <u>\$ 500,926</u> |

| <u>Component Unit Activities:</u> | Beginning Balance | Increase | Decrease | Ending Balance |
|---|----------------------|--------------------|-------------|--------------------|
| Downtown Development Authority | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 50,000 | \$ - | \$ - | \$ 50,000 |
| Total capital asset not being depreciated | <u>50,000</u> | <u>-</u> | <u>-</u> | <u>50,000</u> |
| Capital assets, being depreciated: | | | | |
| Buildings | 650,000 | - | - | 650,000 |
| Buildings and improvements | 1,500,047 | - | - | 1,500,047 |
| Equipment | 41,162 | - | - | 41,162 |
| Total capital assets being depreciated | <u>2,191,209</u> | <u>-</u> | <u>-</u> | <u>2,191,209</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | (148,417) | (13,000) | - | (161,417) |
| Buildings and improvements | (240,008) | (30,001) | - | (270,009) |
| Equipment | (21,960) | (5,435) | - | (27,395) |
| Total accumulated depreciation | <u>(410,385)</u> | <u>(48,436)</u> | <u>-</u> | <u>(458,821)</u> |
| Total capital assets, being depreciated, net | <u>1,780,824</u> | <u>(48,436)</u> | <u>-</u> | <u>1,732,388</u> |
| Downtown Development Authority capital assets, net | <u>\$1,830,824</u> | <u>\$ (48,436)</u> | <u>\$ -</u> | <u>\$1,782,388</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, 2018
 (CONTINUED)

NOTE 9 – LONG-TERM DEBT

Changes in long-term liabilities

Long-term liability activity for the year ended September 30, 2018, was as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---|----------------------|------------------|---------------------|---------------------|------------------------|
| Governmental activities: | | | | | |
| Compensated absences | \$ 27,240 | \$ 62,753 | \$ (54,534) | \$ 35,459 | \$ 35,459 |
| Net pension liability | 560,808 | - | (132,413) | 428,395 | - |
| Governmental activity long-term liabilities | <u>\$ 588,048</u> | <u>\$ 62,753</u> | <u>\$ (186,947)</u> | <u>\$ 463,854</u> | <u>\$ 35,459</u> |
| Business-type activities: | | | | | |
| Compensated absences | \$ 12,956 | \$ 12,250 | \$ (16,105) | \$ 9,101 | \$ 9,101 |
| Notes payable | 814,681 | - | (65,849) | 748,832 | 68,559 |
| Revenue bonds payable | 2,132,050 | - | (327,050) | 1,805,000 | 390,000 |
| Deferred amounts: | | | | | |
| Less: Bond discount | (32,099) | - | 1,234 | (30,865) | - |
| Net pension liability | 184,938 | - | (20,121) | 164,817 | - |
| Business-type activity long-term liabilities | <u>\$ 3,112,526</u> | <u>\$ 12,250</u> | <u>\$ (427,891)</u> | <u>\$ 2,696,885</u> | <u>\$ 467,660</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, 2018
 (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 |
| 2019 | \$ 350,000 | \$ 13,160 |
| Total | \$ 350,000 | \$ 13,160 |

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 2018, the City received \$91,125 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 |
| 2019 | \$ 40,000 | \$ 55,375 |
| 2020 | 40,000 | 54,375 |
| 2021 | 40,000 | 53,175 |
| 2022 | 40,000 | 51,975 |
| 2023 | 40,000 | 50,775 |
| 2024-2028 | 235,000 | 231,553 |
| 2029-2033 | 275,000 | 184,519 |
| 2034-2038 | 335,000 | 123,116 |
| 2039-2043 | 410,000 | 45,050 |
| Total | \$ 1,455,000 | \$ 849,913 |

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2018
 (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, 2018, 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> |
|--------------------------------------|-------------------|-------------------|
| 2019 | \$ 68,559 | \$ 28,993 |
| 2020 | 71,380 | 26,171 |
| 2021 | 74,318 | 23,232 |
| 2022 | 77,377 | 20,174 |
| 2023 | 80,561 | 16,990 |
| 2024-2028 | <u>376,637</u> | <u>33,529</u> |
| Total | <u>\$ 748,832</u> | <u>\$ 149,089</u> |

NOTE 10 – EMPLOYEE RETIREMENT PLANS

Georgia Municipal Employees Benefit System

Plan Description

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

Benefits Provided

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

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2018
 (CONTINUED)

Plan Membership

As of January 1, 2018, the date of the most recent actuarial valuation date, pension plan membership consisted of the following:

| | |
|---|------------|
| Retirees and beneficiaries currently receiving benefits | 22 |
| Terminated employees entitled to benefits but no yet receiving them | 25 |
| Current active employees | 42 |
| Nonvested benefits | 15 |
| | <hr/> |
| Total Membership in the plan | <u>104</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 7.54% 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, 2018, the City reported a net pension liability. The net pension liability was measured as of September 30, 2017. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of January 1, 2018. An expected total pension liability as of September 30, 2018 was determined using standard roll-forward techniques.

For the year ended September 30, 2018, the City recognized pension expense relative to GMEBS in the amount of \$189,366. At September 30, 2018, 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 | \$ 98,296 | \$ 11,352 |
| Changes of assumptions | 44,436 | 4,861 |
| Net difference between projected and actual earnings on pension plan investments | - | 179,153 |
| Employer contributions subsequent to the measurement date | <u>155,925</u> | <u>-</u> |
| | <u>\$ 298,657</u> | <u>\$ 195,366</u> |

City contributions subsequent to the measurement date of September 30, 2017 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, 2018. Other amounts reported as deferred outflows of resources and

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2018
 (CONTINUED)

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

| <u>Year ended December 31:</u> | |
|--------------------------------|-----------|
| 2019 | \$ 25,290 |
| 2020 | 2,378 |
| 2021 | (44,460) |
| 2022 | (35,842) |

Actuarial Assumptions: The total pension liability as of September 30, 2018 was determined by an actuarial valuation as of January 1, 2018 using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|---|
| Inflation | 2.75% |
| Salary increase | 2.75%, plus service based merit increases |
| Investment rate of return | 7.50%, On-going basis, based on long-term expected rate of return of pension plan investments |

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

The mortality and economic actuarial assumptions used in the January 1, 2018 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, 2017 | \$ 3,753,671 | \$ 3,007,925 | \$ 745,746 |
| Changes for the year: | | | |
| Service cost | 94,709 | - | 94,709 |
| Interest | 285,972 | - | 285,972 |
| Differences between expected and actual experience | (14,190) | - | (14,190) |
| Contributions-employer | - | 137,400 | (137,400) |
| Net investment income | - | 453,434 | (453,434) |
| Benefit payments | (127,414) | (127,414) | - |
| Administrative expense | - | (16,266) | 16,266 |
| Other | 55,543 | - | 55,543 |
| Net changes | 294,620 | 447,154 | (152,534) |
| Balance at September 30, 2018 | \$ 4,048,291 | \$ 3,455,079 | \$ 593,212 |

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2018
 (CONTINUED)

The City's net pension liability is recorded in the Government-Wide Statement of Net Position for Governmental Activities and Business-Type Activities in the amounts of \$428,395 and \$164,817 respectively.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2018 is summarized in the following table:

| <u>Asset class</u> | <u>Target allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|-----------------------|--------------------------|---|
| Domestic Equity | 45% | 6.71% |
| International Equity | 20% | 7.71% |
| Real estate | 10% | 5.21% |
| Global fixed income | 5% | 3.36% |
| Domestic fixed income | 20% | 2.11% |
| Cash | 0% | |
| Total | 100% | |

Discount Rate: The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount rate: The following presents the City's net pension liability calculated using the discount rate of 7.50%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

| | <u>1% Decrease (6.50%)</u> | <u>Current discount rate (7.50%)</u> | <u>1% Increase (8.50%)</u> |
|--|----------------------------|--------------------------------------|----------------------------|
| Sensitivity of the Net Pension Liability to Changes in the Discount Rate | \$ 1,096,649 | \$ 593,212 | \$ 168,728 |

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(CONTINUED)

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

NOTE 11 – SPECIAL FUNDING DEFINED BENEFIT PENSION PLAN

A. Peace Officers' Annuity and Benefit Fund of Georgia

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

B. Georgia Firefighters' Pension Fund

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

NOTE 12 – RISK MANAGEMENT

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

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

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

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(CONTINUED)

City in any investigation, settlement discussions, and all levels of litigation arising out of any claim made against the city within the scope of protection furnished by the fund.

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

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

NOTE 13 – CONTINGENT LIABILITIES

A. Litigation

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

B. Grants

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

NOTE 14 – JOINT VENTURES

A joint venture has the following characteristics:

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

Northeast Georgia Regional Commission

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

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(CONTINUED)

NOTE 15 – RELATED ENTITY

Housing Authority of the City of Greensboro, Georgia

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

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

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

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

For the fiscal year ended September 30, 2018, the Authority made payments of \$10,848 “in lieu of taxes”.

NOTE 16 – INVESTMENTS – JOINT VENTURE

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

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

| | |
|----------------------------------|---------------------|
| Investment, October 1 | \$ 2,200,653 |
| Greensboro’s share of net income | 85,899 |
| Investment, September 30 | <u>\$ 2,286,552</u> |

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2018
 (CONTINUED)

NOTE 17 – CONCENTRATION OF RISK – MAJOR CUSTOMER

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

| | <u>Gas Revenue</u> | <u>Gas Receivables</u> |
|------------------|--------------------|------------------------|
| Total Gas System | \$ 3,621,490 | \$ 712,060 |
| Novelis | 2,680,379 | 241,817 |
| Percent of Total | 74% | 34% |

NOTE 18 – TAX ABATEMENTS

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

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

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

NOTE 19 – EVALUATION OF SUBSEQUENT EVENTS

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

The City has evaluated subsequent events through July 1, 2020, 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, 2018

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

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

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

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

CITY OF GREENSBORO, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

SCHEDULE OF CITY CONTRIBUTIONS

| | 2018 | 2017 | 2016 | 2015 |
|---|--------------|--------------|--------------|--------------|
| Actuarially determined contributions | \$ 155,925 | \$ 139,126 | \$ 118,412 | \$ 99,794 |
| Contributions in relation to the actuarially determined contribution | 155,925 | 137,400 | 108,544 | 99,794 |
| Contribution deficiency (excess) | \$ - | \$ 1,726 | \$ 9,868 | \$ - |
| City's covered-employee payroll | \$ 2,067,971 | \$ 2,020,222 | \$ 1,939,393 | \$ 1,633,323 |
| Contributions as a percentage of covered-employee payroll | 7.54% | 6.80% | 5.60% | 6.11% |

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

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

SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

CAPITAL PROJECT FUNDS

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

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

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

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

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

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, 2018

| | <u>Special Revenue Funds</u> | | <u>Capital Project Funds</u> |
|--|-------------------------------|----------------------------|------------------------------|
| | <u>Confiscated Assets</u> | <u>Hotel Motel Tax</u> | <u>CDBG Reynolds St.</u> |
| <u>ASSETS</u> | | | |
| Cash and cash equivalent | \$ 6,177 | \$ - | \$ 2 |
| Certificates of deposit | - | - | - |
| Accounts receivable | - | 6,734 | - |
| Intergovernmental receivable | - | - | 19,398 |
| Due from other funds | - | 1,980 | - |
| Total Assets | \$ 6,177 | \$ 8,714 | \$ 19,400 |
| <u>LIABILITIES AND FUND BALANCES</u> | | | |
| Liabilities: | | | |
| Accounts payable | \$ - | \$ 8,714 | \$ 19,398 |
| Due to other funds | - | - | 2 |
| Total Liabilities | - | 8,714 | 19,400 |
| Fund Balances: | | | |
| Restricted | 6,177 | - | - |
| Total Fund Balances | 6,177 | - | - |
| Total Liabilities and Fund Balances | \$ 6,177 | \$ 8,714 | \$ 19,400 |

CITY OF GREENSBORO, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018
(CONTINUED)

| Capital Projects Funds | | | | Permanent Fund | Total Nonmajor Governmental Funds |
|------------------------|------------------|-------------------------|-----------------|------------------|-----------------------------------|
| Capital Improvements | CHIP Fund | CDBG Redevelopment Fund | 2009 SPLOST | Cemetery Trust | |
| \$ - | \$ - | \$ - | \$ 3,531 | \$ 7,521 | \$ 17,231 |
| - | - | - | - | 80,048 | 80,048 |
| - | - | - | - | - | 6,734 |
| - | 11,386 | - | - | - | 30,784 |
| - | - | - | - | - | 1,980 |
| <u>\$ -</u> | <u>\$ 11,386</u> | <u>\$ -</u> | <u>\$ 3,531</u> | <u>\$ 87,569</u> | <u>\$ 136,777</u> |
| | | | | | |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ 28,112 |
| - | 11,386 | - | - | - | 11,388 |
| - | 11,386 | - | - | - | 39,500 |
| | | | | | |
| - | - | - | 3,531 | 87,569 | 97,277 |
| - | - | - | 3,531 | 87,569 | 97,277 |
| | | | | | |
| <u>\$ -</u> | <u>\$ 11,386</u> | <u>\$ -</u> | <u>\$ 3,531</u> | <u>\$ 87,569</u> | <u>\$ 136,777</u> |

CITY OF GREENSBORO, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

| | Special Revenue Funds | | Capital Project Funds |
|--|-----------------------|--------------------|-----------------------|
| | Confiscated Assets | Hotel Motel Tax | CDBG Reynolds St. |
| <u>Revenues:</u> | | | |
| Taxes | \$ - | \$ 69,457 | \$ - |
| Intergovernmental | - | - | 78,587 |
| Interest earnings | 6 | - | - |
| Other revenues | - | - | - |
| Total Revenues | 6 | 69,457 | 78,587 |
| <u>Expenditures:</u> | | | |
| <u>Current:</u> | | | |
| General government | - | 27,791 | - |
| Culture and recreation | - | - | - |
| Housing and development | - | - | - |
| Capital outlay | - | - | 86,197 |
| Total Expenditures | - | 27,791 | 86,197 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 6 | 41,666 | (7,610) |
| <u>Other Financing Sources (Uses):</u> | | | |
| Transfers from other funds | - | - | 7,610 |
| Transfers to other funds | - | (41,666) | - |
| Total other financing sources (uses) | - | (41,666) | 7,610 |
| Net change in fund balances | 6 | - | - |
| Fund Balance, beginning of year | 6,171 | - | - |
| Fund Balance, end of year | \$ 6,177 | \$ - | \$ - |

CITY OF GREENSBORO, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018
(CONTINUED)

| Capital Projects Funds | | | | Permanent Fund | Total Nonmajor Governmental Funds |
|------------------------|-----------|-------------------------|-------------|----------------|-----------------------------------|
| Capital Improvements | CHIP Fund | CDBG Redevelopment Fund | 2009 SPLOST | Cemetery Trust | |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ 69,457 |
| - | 11,386 | - | - | - | 89,973 |
| - | - | - | - | 409 | 415 |
| - | - | - | - | 10,359 | 10,359 |
| - | 11,386 | - | - | 10,768 | 170,204 |
| - | - | - | - | - | 27,791 |
| - | - | - | - | 14,674 | 14,674 |
| - | 11,386 | 1,800 | - | - | 13,186 |
| 5,372 | - | - | - | - | 91,569 |
| 5,372 | 11,386 | 1,800 | - | 14,674 | 147,220 |
| (5,372) | - | (1,800) | - | (3,906) | 22,984 |
| 5,372 | - | 1,800 | - | - | 14,782 |
| - | - | - | - | - | (41,666) |
| 5,372 | - | 1,800 | - | - | (26,884) |
| - | - | - | - | (3,906) | (3,900) |
| - | - | - | 3,531 | 91,475 | 101,177 |
| \$ - | \$ - | \$ - | \$ 3,531 | \$ 87,569 | \$ 97,277 |

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, 2018

| | Final Budget | Actual | Variance with Budget |
|----------------------------------|-----------------|----------|-------------------------|
| <u>Revenues:</u> | | | |
| Forfeitures | \$ 4,000 | \$ - | \$ (4,000) |
| Interest earnings | - | 6 | 6 |
| Total Revenues | 4,000 | 6 | (3,994) |
| <u>Expenditures:</u> | | | |
| Current: | | | |
| Public Safety | 4,000 | - | 4,000 |
| Total Expenditures | 4,000 | - | 4,000 |
| Net change in fund balances | - | 6 | 6 |
| Fund balance - beginning of year | 6,171 | 6,171 | - |
| Fund balance - end of year | \$ 6,171 | \$ 6,177 | \$ 6 |

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, 2018

| | Final Budget | Actual | Variance with Budget |
|--|-----------------|-----------|-------------------------|
| <u>Revenues:</u> | | | |
| Taxes | \$ 63,000 | \$ 69,457 | \$ 6,457 |
| Total Revenues | 63,000 | 69,457 | 6,457 |
| <u>Expenditures:</u> | | | |
| Current: | | | |
| General Government | 26,000 | 27,791 | (1,791) |
| Total Expenditures | 26,000 | 27,791 | (1,791) |
| Excess of Revenues Over (Under) Expenditures | 37,000 | 41,666 | 4,666 |
| <u>Other Financing Sources (Uses):</u> | | | |
| Transfer to General Fund | (37,000) | (41,666) | (4,666) |
| Total Other Financing Sources (Uses) | (37,000) | (41,666) | (4,666) |
| 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, 2018

| | Prior Years | Current Year | Total to Date | Project Authorization |
|---|------------------|-----------------|------------------|--------------------------|
| <u>Revenues:</u> | | | | |
| Department of Community Affairs | \$ 402,950 | \$ 78,587 | \$ 481,537 | \$ 481,537 |
| Interest income | 2 | - | 2 | - |
| Total Revenues | 402,952 | 78,587 | 481,539 | 481,537 |
| <u>Expenditures:</u> | | | | |
| P-001-01 Acquisition of Property | 62,477 | 500 | 62,977 | 20,000 |
| T-03J-00 Engineering-Water/Sewer Improvements | 61,690 | - | 61,690 | 9,500 |
| P-03J-01 Water Facilities | 349,561 | - | 349,561 | 86,576 |
| T-03K-00 Engineering-Street Improvements | 18,590 | 85,697 | 104,287 | 35,000 |
| P-03K-02 Flood and Drainage Facilities | - | - | - | 330,461 |
| A-21A-00 Administration | 42,815 | - | 42,815 | - |
| Total Expenditures | 535,133 | 86,197 | 621,330 | 481,537 |
| Excess of Revenues Over (Under) Expenditures | (132,181) | (7,610) | (139,791) | - |
| <u>Other Financing Sources (Uses):</u> | | | | |
| Transfer from General Fund | 132,181 | 7,610 | 139,791 | - |
| Total Other Financing Sources (Uses) | 132,181 | 7,610 | 139,791 | - |
| 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, 2018

| | Prior Years | Current Year | Total to Date | Project Authorization |
|---|----------------|-----------------|------------------|--------------------------|
| <u>Revenues:</u> | | | | |
| Department of Community Affairs | \$ 500,000 | \$ - | \$ 500,000 | \$ 500,000 |
| Total Revenues | 500,000 | - | 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 | 270,000 | - | 270,000 | 270,000 |
| T-18A-00 Engineering - ED Direct Financial Assistance | 50,000 | - | 50,000 | 50,000 |
| A-21A-00 Administration | 30,000 | 1,800 | 31,800 | 30,000 |
| Total Expenditures | 500,000 | 1,800 | 501,800 | 500,000 |
| Excess of Revenues Over (Under) Expenditures | - | (1,800) | (1,800) | - |
| <u>Other Financing Sources (Uses):</u> | | | | |
| Transfer from General Fund | - | 1,800 | 1,800 | - |
| Total Other Financing Sources (Uses) | - | 1,800 | 1,800 | - |
| 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, 2018

| | Prior Years | Current Year | Total to Date | Project Authorization |
|-------------------------------------|----------------|-----------------|------------------|--------------------------|
| <u>Revenues:</u> | | | | |
| Department of Community Affairs | \$ 268,701 | \$ 11,386 | \$ 280,087 | \$ 302,557 |
| Total Revenues | 268,701 | 11,386 | 280,087 | 302,557 |
| <u>Expenditures:</u> | | | | |
| Homeowner Rehabilitation Assistance | 258,994 | 7,136 | 266,130 | 296,625 |
| General Administration | 9,707 | 4,250 | 13,957 | 5,932 |
| Total Expenditures | 268,701 | 11,386 | 280,087 | 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, 2018

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

| | Original Estimated Cost | Expenditures | | |
|---|-------------------------------|---------------------|-------------------|--------------------|
| | | Prior Year(s) | Current Year | Total |
| | | | | |
| <u>2015 Referendum</u> | | | | |
| Roads, Streets, Bridges and Sidewalks | \$3,550,000 | \$ 720,139 | \$ 66,265 | \$ 786,404 |
| Public Safety Facilities and Equipment | 100,000 | 340,077 | 89,066 | 429,143 |
| Water, Sewer and Stormwater Facilities and Equipment | 100,000 | 568,078 | 321,173 | 889,251 |
| Administrative Facilities and Equipment | 425,000 | 533 | 3,286 | 3,819 |
| Blight Abatement | 425,000 | - | 41,609 | 41,609 |
| Culture Facilities & Equipment | 20,000 | 56,820 | 3,224 | 60,044 |
| Total 2015 Referendum | \$4,620,000 | \$ 1,685,647 | \$ 524,623 | \$2,210,270 |

CITY OF GREENSBORO, GEORGIA

BALANCE SHEET
COMPONENT UNIT-BETTER HOMETOWN
SEPTEMBER 30, 2018

ASSETS

| | | |
|-------------------------------|----|----------------------|
| Cash and cash equivalent | \$ | 11,954 |
| Receivables, net of allowance | | |
| Accounts | | <u>5,126</u> |
| Total Assets | \$ | <u><u>17,080</u></u> |

LIABILITIES AND FUND BALANCES

Liabilities:

| | | |
|------------------------------------|----|----------------------|
| Accounts payable | \$ | 1,399 |
| Unearned revenue | | <u>10,000</u> |
| Total Liabilities | | <u>11,399</u> |
| Fund Balances: | | |
| Unassigned | | <u>5,681</u> |
| Total Fund Balance | | <u>5,681</u> |
| Total Liabilities and Fund Balance | \$ | <u><u>17,080</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, 2018

| | |
|---------------------------------|-------------|
| <u>Revenues:</u> | |
| Contributions | \$ 12,574 |
| Intergovernmental | 63,018 |
| Interest earnings | 9 |
| | <hr/> |
| Total Revenues | 75,601 |
| | <hr/> |
| <u>Expenditures:</u> | |
| Current: | |
| Professional services | 33,156 |
| Rental | 16,729 |
| Advertising | 12,170 |
| Supplies | 13,117 |
| Travel | 3,819 |
| Other | 13,017 |
| | <hr/> |
| Total Expenditures | 92,008 |
| | <hr/> |
| Net change in fund balances | (16,407) |
| Fund Balance, beginning of year | 22,088 |
| | <hr/> |
| Fund Balance, end of year | \$ 5,681 |
| | <hr/> <hr/> |

CITY OF GREENSBORO, GEORGIA

BALANCE SHEET
COMPONENT UNIT-DOWNTOWN DEVELOPMENT AUTHORITY
SEPTEMBER 30, 2018

ASSETS

| | | |
|--------------------------|----|----------------------|
| Cash and cash equivalent | \$ | 17,061 |
| Accounts receivable | | <u>1,037</u> |
| Total Assets | \$ | <u><u>18,098</u></u> |

LIABILITIES AND FUND BALANCES

| | | |
|------------------------------------|----|----------------------|
| Liabilities: | | |
| Accounts payable | \$ | <u>4,708</u> |
| Total Liabilities | | <u>4,708</u> |
| Fund Balances: | | |
| Unassigned | | <u>13,390</u> |
| Total Fund Balance | | <u>13,390</u> |
| Total Liabilities and Fund Balance | \$ | <u><u>18,098</u></u> |

CITY OF GREENSBORO, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 COMPONENT UNIT-DOWNTOWN DEVELOPMENT AUTHORITY
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

| | |
|---------------------------------|-------------|
| <u>Revenues:</u> | |
| Contributions | \$ 11,850 |
| Intergovernmental | 3,167 |
| Interest earnings | 2 |
| | <hr/> |
| Total Revenues | 15,019 |
| | <hr/> |
| <u>Expenditures:</u> | |
| Current: | |
| Professional services | 3,440 |
| Other | 14,844 |
| | <hr/> |
| Total Expenditures | 18,284 |
| | <hr/> |
| Net change in fund balances | (3,265) |
| Fund Balance, beginning of year | 16,655 |
| | <hr/> |
| Fund Balance, end of year | \$ 13,390 |
| | <hr/> <hr/> |

GOVERNMENTAL REPORT



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

Honorable Mayor and City Council
The City of Greensboro, Georgia

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Greensboro, Georgia as of and for the year ended September 30, 2018 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 July 1, 2020.

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 have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2018-001, 2018-002, 2018-003, and 2018-004 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Greensboro's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2018-005.

City of Greensboro, Georgia's Response to Findings

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

Purpose of this Report

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

Macon, Georgia
July 1, 2020



CITY OF GREENSBORO, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2018

FINANCIAL STATEMENT FINDINGS

Findings noted on the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Governmental Auditing Standards*:

2018-001 Accounting Internal Control and Timely Financial Reporting

CRITERIA

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

CONDITION

The City's internal control structure over accounting and financial reporting requires the utilization of a governmental consultant to provide significant supervision of the City's accounting staff. Some of the monthly accounting and reconciliation procedures are not being performed on a timely basis during the fiscal year. Material adjustments are required to be made by the City's consultant several months after year end to correct financial activity. For FY2018, these material adjustments were not made to the City's accounting system until September 2019. For FY2018, the City was not ready for the annual audit in a timely manner to comply with audit submission due date requirements.

CONTEXT

Material adjustments were made by the City's consultant after fiscal year-end 2018.

EFFECT

During the fiscal year, certain financial activity contained material errors that required adjustments to record revenues and expenditures in the proper fiscal period. Material adjustments were made by the City's consultant in September 2019 to close out the financial activity for the year ended September 30, 2018. The City was not prepared and ready for the annual audit in a timely manner to meet the State of Georgia's audit submission due date of March 31, 2019.

CAUSE

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

RECOMMENDATION

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

CITY OF GREENSBORO, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2018
(CONTINUED)

2018-001 Accounting Internal Control and Timely Financial Reporting (Continued)

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

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

2018-002 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, 2018, we noted that the City is not approving utility customer account adjustments in accordance with the City's policy.

CONTEXT

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 did not comply with internal control policies and procedures for reviewing and approving utility customer account adjustments.

RECOMMENDATION

We recommend that the City review the policies for authorizing adjustments to customer accounts and develop appropriate procedures for reviewing and authorizing adjustments to customer accounts prior to the adjustments being made.

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. The City anticipates having this corrective action taken by September 30, 2019.

CITY OF GREENSBORO, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2018
(CONTINUED)

2018-003 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 the fiscal year end September 30, 2018. In addition, cemetery lot and grave site marker sales were not deposited to the bank account in a timely manner.

CONTEXT

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

EFFECT

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

CAUSE

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

RECOMMENDATION

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

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

The City concurs with the finding. The City has implemented a policy that requires the City Clerk to maintain a copy of the cemetery deeds issued during the year. The deeds are reconciled to the revenue recorded to ensure the completeness of the receipts. The City will stress the importance of timely deposits to the management of the cemetery. The City anticipates having this corrective action taken by September 30, 2019.

CITY OF GREENSBORO, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2018
(CONTINUED)

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

CRITERIA

Timely and accurate financial reports are essential in order to perform analysis of the financial condition of the Downtown Development Authority (“Authority”) and the Better Hometown Program (“Program”), test data for accuracy and completeness, monitor compliance with budget appropriations, and to prepare annual financial statements.

CONDITION

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

CONTEXT

A material adjustment of \$4,708 was required to record a receivable for the Authority and a payable for the Program.

EFFECT

The component units accounting records contained material errors which were identified and adjusted during the annual audit process.

CAUSE

The component unit’s did not properly record the prior year audit entries.

RECOMMENDATION

The component unit’s should establish procedures to insure that all audit entries are properly posted in the accounting system.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

The City concurs with the finding. The City Clerk and the City accounting consultant will carefully review the audit entries to ensure that all entries have been recorded for the City and for the component units. The City has taken the corrective action.

CITY OF GREENSBORO, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2018
(CONTINUED)

COMPLIANCE FINDING

2018-005 Budgetary Control – Expenditures Exceeding Appropriations

CRITERIA

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

CONDITION

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

CONTEXT

Expenditures exceeded appropriations as follows:

General Fund:

| | |
|--------------------------|-----------|
| Governing body | \$ 23,373 |
| City manager | 10,760 |
| Financial administration | 43,398 |
| Police protection | 209,098 |
| Highways and streets | 2,481 |
| Maintenance shop | 2,166 |
| Cemetery | 450 |
| Downtown Development | 10,227 |
| Transfers to other funds | 14,781 |

Hotel/Motel Tax Fund:

| | |
|--------------------------|-------|
| General government | 1,791 |
| Transfers to other funds | 4,666 |

EFFECT

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

CAUSE

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

RECOMMENDATION

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

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

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

CITY OF GREENSBORO, GEORGIA

SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

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

CONDITION

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

UPDATE

Resolved.

2017-002 Utility Customer Account Adjustment Policy

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.

UPDATE

Unresolved – See Current Year Finding 2018-002.

2017-003 Cemetery Trust Fund – Revenue Documentation

CONDITION

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

CONTEXT

Unresolved. See Current Year Finding 2018-003.

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

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.

UPDATE

Resolved

2017-005 Proprietary Fund Accounts Receivable \ Revenue

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.

UPDATE

Resolved.

CITY OF GREENSBORO, GEORGIA

SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018
(CONTINUED)

2017-006 Capital Assets

CONDITION

The City had not properly posted all capital asset activity.

UPDATE

Resolved.

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

CONDITION

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

UPDATE

Resolved.

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

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.

UPDATE

Resolved.

2017-009 Violation of Georgia Law – 2009 SPLOST Fund

CONDITION

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

UPDATE

Resolved.