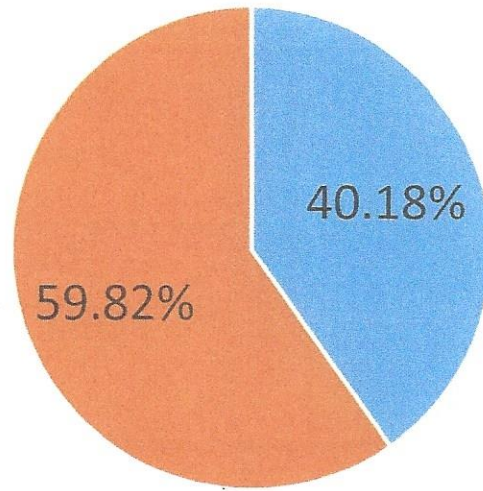


**City of Grantville, Georgia
Council Meeting
July 2, 2019**

City of Grantville Ga
Cash and Cash Equivalents
As of September 30th

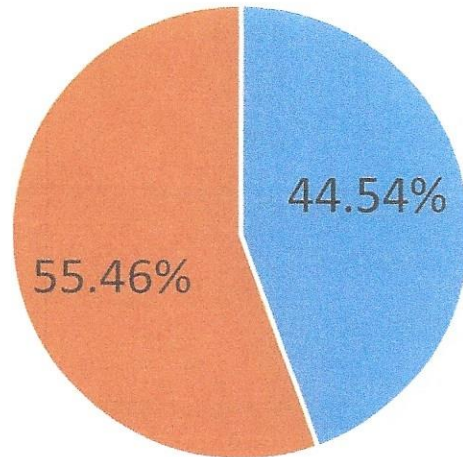
	Governmental Activities	Business-Type Activities	Total
2011	\$ 1,232,620	\$ 529,449	\$ 1,762,069
2012	\$ 1,449,573	\$ 1,032,740	\$ 2,482,313
2013	\$ 1,202,318	\$ 1,662,814	\$ 2,865,132
2014	\$ 1,331,871	\$ 1,984,566	\$ 3,316,437
2015	\$ 1,723,329	\$ 1,869,201	\$ 3,592,530
2016	\$ 1,397,779	\$ 2,247,031	\$ 3,644,810
2017	\$ 673,861	\$ 2,564,883	\$ 3,238,744
2018	\$ 276,936	\$ 3,349,604	\$ 3,626,540

Years 2011-2013



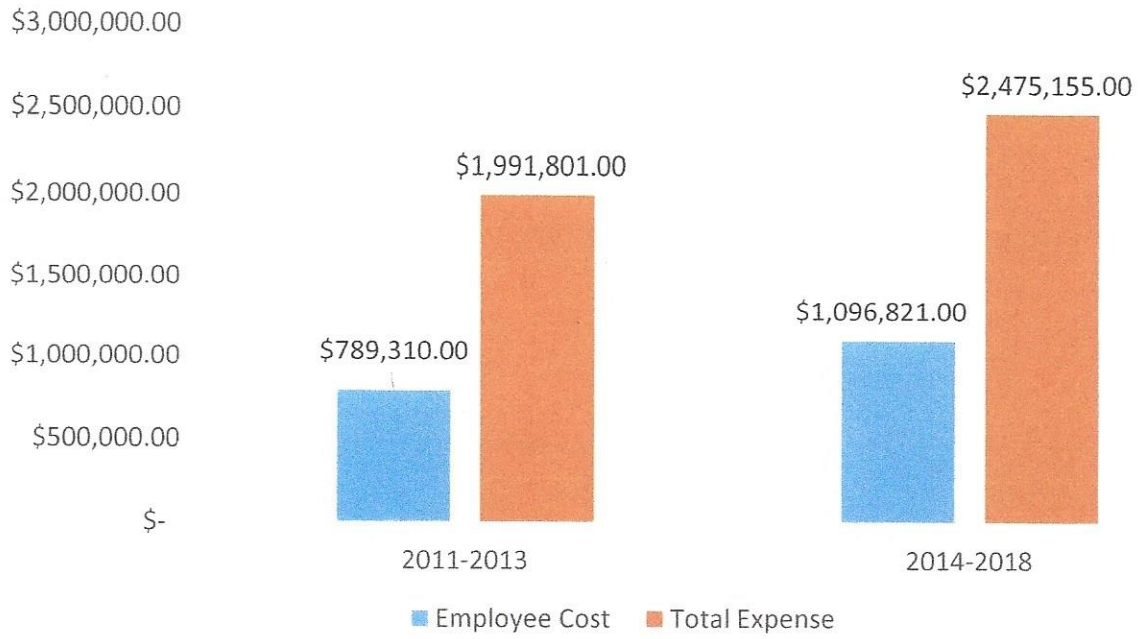
■ Employee Cost ■ Other Expense

Years 2014-2018

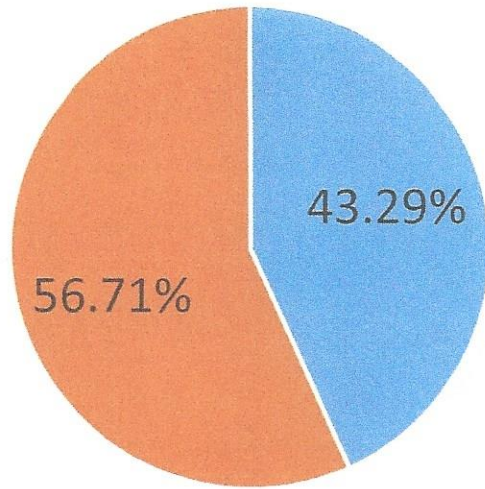


■ Employee Cost ■ Other Expense

Employee Cost

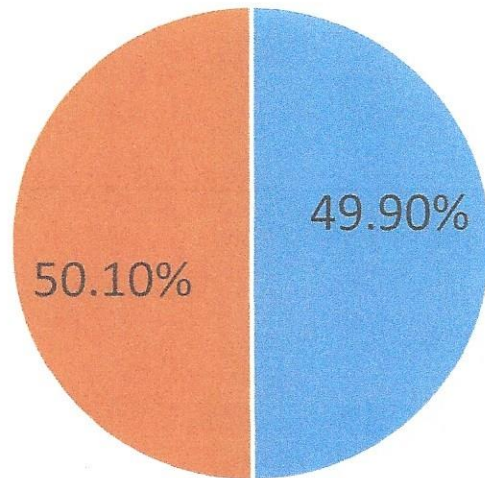


Years 2011-2013



■ Public Safety ■ Other Expense

Years 2014-2018



■ Public Safety ■ Other Expense

Public Safety



City of Grantville
 Expenditures Comparisons for Previous Fiscal Years
 FY 2011 - FY 2018

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Government Type Activities	\$ 2,346,782	\$ 1,809,794	\$ 1,818,826	\$ 2,209,676	\$ 2,349,539	\$ 2,282,983	\$ 2,753,094	\$ 2,780,483
Business Type Activities	2,681,309	2,433,750	2,517,059	2,799,392	2,606,939	2,624,520	2,671,376	2,723,895
Total Government-wide	\$ 5,028,091	\$ 4,243,544	\$ 4,335,885	\$ 5,009,068	\$ 4,956,478	\$ 4,907,503	\$ 5,424,470	\$ 5,504,378

City of Grantville
 Salary Comparisons for Previous FY
 FY 2011 - FY 2018

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017*	FY 2018*
Government Type Activities	\$ 799,257	\$ 835,802	\$ 732,871	\$ 1,017,935	\$ 1,060,436	\$ 1,099,019	\$ 1,222,868	\$ 1,183,703
Business Type Activities	402,219	212,724	318,514	455,987	373,491	394,029	401,423	409,571
Total	\$ 1,201,476	\$ 1,048,526	\$ 1,051,385	\$ 1,473,922	\$ 1,433,927	\$ 1,493,048	\$ 1,624,291	\$ 1,593,274

CITY OF GRANTVILLE, GEORGIA
AUDITED FINANCIAL STATEMENTS
AND
SUPPLEMENTAL INFORMATION
SEPTEMBER 30, 2018

GERALD G. PENTECOST, JR., CPA



Certified Public Accountants

CITY OF GRANTVILLE, GEORGIA

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

To the City Council
Grantville, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Grantville, Georgia, as of and for the 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. 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, each major fund, and the aggregate remaining fund information of the City of Grantville, Georgia, as of September 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual on page 38 and the Special Revenue Fund Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual on page 39 and 40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Grantville, Georgia's basic financial statements. The introductory section, and the Schedule of Expenditures of Special Purpose Local Option Sales Tax required by the Official Code of Georgia 48-8-121 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Special Purpose Local Option Sales Tax is the responsibility of management and was 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 States of America. In our opinion, the Schedule of Expenditures of Special Purpose Local Option Sales Tax is 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 January 14, 2019 on our consideration of the City of Grantville, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Grantville, Georgia's internal control over financial reporting and compliance.

Arnold A. Stewart, CPA

Rainbow City, Alabama
January 14, 2019

CITY OF GRANTVILLE, GEORGIA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 276,936	\$ 3,349,604	\$ 3,626,540
Investments	165,667	-	165,667
Taxes receivable, net of allowances	460,527	-	460,527
Accounts receivable, net of allowances	5,810	389,553	395,363
Due from other governments	102,735	-	102,735
Inventory	-	5,202	5,202
Prepaid assets	16,731	3,113	19,844
Restricted cash	-	333,567	333,567
Restricted investments	-	578,201	578,201
Capital assets:			
Non-depreciable	133,048	58,494	191,542
Depreciable, net of accumulated depreciation	<u>5,332,802</u>	<u>9,570,087</u>	<u>14,902,889</u>
Total Assets	<u>\$ 6,494,256</u>	<u>\$ 14,287,821</u>	<u>\$ 20,782,077</u>
LIABILITIES			
Accounts payable	\$ 112,003	\$ 178,323	\$ 290,326
Accrued liabilities	27,259	14,247	41,506
Customer deposits payable	-	225,961	225,961
Compensated absences, due within one year	28,422	11,093	39,515
Notes payable, due within one year	-	104,765	104,765
Notes payable, due in more than one year	-	591,172	591,172
Bonds payable, due within one year	-	20,128	20,128
Bonds payable, due in more than one year	-	410,844	410,844
Total Liabilities	167,684	1,556,533	1,724,217
NET POSITION			
Net investment in capital assets	5,465,850	8,501,672	13,967,522
Restricted for:			
Public safety	452,422	-	452,422
Capital projects	43,458	-	43,458
Public works	-	835,498	835,498
Debt Service	-	76,270	76,270
Unrestricted	<u>364,842</u>	<u>3,317,848</u>	<u>3,682,690</u>
Total Net Position	<u>6,326,572</u>	<u>12,731,288</u>	<u>19,057,860</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 6,494,256</u>	<u>\$ 14,287,821</u>	<u>\$ 20,782,077</u>

CITY OF GRANTVILLE, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2018

Functions	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General government	\$ 321,936	\$ 82,892	\$ -	\$ 128,122	\$ (110,922)	\$ -	\$ (110,922)
Judicial	177,218	350,940	-	-	173,722	-	173,722
Public safety	1,415,377	279,973	-	46,428	(1,088,976)	-	(1,088,976)
Public works	478,835	-	-	341,456	(137,379)	-	(137,379)
Health and welfare	190,245	-	-	-	(190,245)	-	(190,245)
Culture and recreation	167,075	-	112,155	73,666	18,746	-	18,746
Housing and development	29,797	-	-	-	(29,797)	-	(29,797)
Total Governmental Activities	2,780,483	713,805	112,155	589,672	(1,364,851)	-	(1,364,851)
Business-type Activities:							
Water and sewer	982,273	989,672	-	-	-	7,399	7,399
Electric	1,222,193	1,334,823	-	-	-	112,630	112,630
Gas	324,368	477,867	-	-	-	153,499	153,499
Solid waste	195,061	199,066	-	-	-	4,005	4,005
Total Business-type Activities	2,723,895	3,001,428	-	-	-	277,533	277,533
Total Primary Government	\$ 5,504,378	\$ 3,715,233	\$ 112,155	\$ 589,672	(1,364,851)	277,533	(1,087,318)
General Revenues:							
Property taxes					519,396	-	519,396
Sales taxes					655,442	-	655,442
Franchise taxes					41,816	-	41,816
Insurance premium taxes					202,440	-	202,440
Other taxes					57,124	-	57,124
Gain on sale of assets					12,152	2,163	14,305
Other					42,287	74,855	117,142
Unrestricted investment earnings					97	21,859	21,956
Transfers					(416,195)	416,195	-
Total General Revenues and Transfers					1,114,559	515,062	1,629,621
Change in Net Position					(250,292)	792,595	542,303
Prior Period Adjustment (See Note 15)					395,763	-	395,763
Net Position, Beginning					6,181,101	11,938,693	18,119,794
Net Position, Ending					\$ 6,326,572	\$ 12,731,288	\$ 19,057,860

See Notes to Financial Statements

CITY OF GRANTVILLE, GEORGIA
BALANCE SHEETS - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018

	General Fund	2007 SPLOST Fund	2013 SPLOST Fund	Drug Fund	Court Fund	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ (1,120,258)	\$ 69,685	\$ 852,680	\$ 266,699	\$ 208,130	\$ 276,936
Investments	165,667	-	-	-	-	165,667
Taxes receivable	460,527	-	-	-	-	460,527
Accounts Receivable	5,810	-	-	-	-	5,810
Due from other governments	10,081	-	92,654	-	-	102,735
Prepaid expenses	16,412	-	-	-	319	16,731
Total Assets	\$ (461,761)	\$ 69,685	\$ 945,334	\$ 266,699	\$ 208,449	\$ 1,028,406
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 80,410	\$ 15,083	\$ 2,500	\$ -	\$ 14,010	\$ 112,003
Accrued liabilities	18,862	-	-	-	8,397	27,259
Total Liabilities	\$ 99,272	\$ 15,083	\$ 2,500	\$ -	\$ 22,407	\$ 139,262
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenues - property taxes	402,920	-	-	-	-	402,920
Total deferred inflows of resources	402,920	-	-	-	-	402,920
FUND BALANCES						
Nonspendable:						
Prepays	16,412	-	-	-	319	16,731
Restricted for:						
Public safety	-	-	-	266,699	185,723	452,422
Capital projects	43,458	54,602	942,834	-	-	1,040,894
Unassigned	(1,023,823)	-	-	-	-	(1,023,823)
Total Fund Balances	(963,953)	54,602	942,834	266,699	186,042	486,224
Total Liabilities, deferred inflows of resources, and Fund Balances	\$ (461,761)	\$ 69,685	\$ 945,334	\$ 266,699	\$ 208,449	\$ 1,028,406

See Notes to Financial Statements

**CITY OF GRANTVILLE, GEORGIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEETS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2018**

Total fund balances of governmental funds \$ 486,224

Total net position reported for governmental activities in the Statement of Net Position is different because:

Capital Assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:

Governmental capital assets	10,932,289	
Less: Accumulated depreciation	<u>(5,466,439)</u>	
Total Capital Assets		5,465,850

Long-term assets (receivables) are not available to pay current period expenditures and; therefore, are unavailable in the funds		402,920
--	--	---------

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities both current and long-term are reported in the statement of net assets.

Compensated absences	<u>(28,422)</u>	
		<u>(28,422)</u>

Net position of governmental activities **\$ 6,326,572**

CITY OF GRANTVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	2007	2013	2017	2018	Total
	General	SPLOST	SPLOST	Court	Governmental
	Fund	Fund	Fund	Fund	Funds
REVENUES:					
Taxes	\$ 1,469,061	-	-	-	\$ 1,469,061
Licenses and permits	58,293	-	-	-	58,293
Intergovernmental	142,387	-	-	-	142,387
Fines and forfeitures	-	546,213	-	-	546,213
Charges for services	-	-	279,973	350,940	630,913
Interest	24,599	-	-	-	24,599
Contributions	97	-	-	-	97
Other	13,227	-	-	-	13,227
	42,287	-	-	-	42,287
Total Revenues	<u>1,749,951</u>	<u>546,213</u>	<u>279,973</u>	<u>350,940</u>	<u>2,927,077</u>
EXPENDITURES:					
Current					
General government	313,403	-	-	-	313,403
Judicial	-	-	-	177,218	177,218
Public safety	1,405,748	-	-	-	1,405,748
Public works	278,908	-	80,941	-	359,849
Health and welfare	187,046	39,066	-	-	226,112
Recreation	75,308	-	-	-	75,308
Housing and development	29,797	118,319	-	-	148,116
Debt Service	-	-	-	-	-
Principal payments on capital leases	-	10,258	-	-	10,258
Interest payments on capital leases	-	108	-	-	108
Capital Outlay	-	-	-	-	-
Capital expenditures	-	155,501	-	-	155,501
Total Expenditures	<u>2,290,208</u>	<u>323,252</u>	<u>80,941</u>	<u>177,218</u>	<u>2,928,367</u>
Excess Revenues Over (Under) Expenditures	<u>(540,257)</u>	<u>(66,748)</u>	<u>199,032</u>	<u>173,722</u>	<u>(1,290)</u>
Other Financing Sources (Uses):					
Proceeds from sale of capital assets	12,152	-	-	-	12,152
Operating transfers in	-	-	-	5,650	5,650
Operating transfers out	(118,930)	(302,917)	-	-	(421,847)
Total Other Financing Sources (Uses)	<u>(106,778)</u>	<u>(302,917)</u>	<u>-</u>	<u>5,650</u>	<u>(404,045)</u>
Change in Fund Balance	<u>(647,035)</u>	<u>(79,956)</u>	<u>199,032</u>	<u>179,372</u>	<u>(405,335)</u>
Fund Balance, Beginning	<u>(316,918)</u>	<u>1,022,790</u>	<u>67,667</u>	<u>6,670</u>	<u>891,559</u>
Fund Balance, Ending	<u>\$(963,953)</u>	<u>\$ 942,834</u>	<u>\$ 266,699</u>	<u>\$ 186,042</u>	<u>\$ 486,224</u>

See Notes to Financial Statements

**CITY OF GRANTVILLE, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

Net change in fund balances total governmental funds **\$ (405,335)**

The change in net position reported for governmental activities in the Statement of Activities is different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets are capitalized and depreciated over their estimated useful lives.

Expenditures for capital assets	443,677	
Less: current year depreciation	<u>(303,907)</u>	
		139,770

Revenues in the statement of activities that do not provide current financial resources are not in the governmental funds because they are not financial resources.		7,157
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Governmental funds report the issuance of debt as a source of funds and the repayment of debt as a use of funds. However, in the Statement of Activities, the issuance of debt is reported as a liability and the repayment of debt as a reduction of the same liability. This reconciling amount is the amount by which the issuance of debt exceeded its repayment.		10,258
---	--	--------

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in compensated absences	<u>(2,142)</u>	

Change in net position of governmental activities **\$ (250,292)**

**CITY OF GRANTVILLE, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2018**

Business-type Activities - Enterprise Funds

	<u>Water and Sewer Fund</u>	<u>Electric Fund</u>	<u>Gas Fund</u>	<u>Non-major Enterprise Solid Waste Fund</u>	<u>Total</u>
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 670,464	\$ 1,586,001	\$ 1,017,391	\$ 75,748	\$ 3,349,604
Accounts receivable, net of allowances	136,174	184,840	42,475	26,084	389,553
Inventory	-	5,202	-	-	5,202
Prepaid assets	1,481	1,024	608	-	3,113
	<u>808,119</u>	<u>1,777,067</u>	<u>1,060,474</u>	<u>101,812</u>	<u>3,747,472</u>
Restricted Assets					
Restricted cash	76,270	39,557	217,740	-	333,567
Restricted investments	-	578,201	-	-	578,201
	<u>76,270</u>	<u>617,758</u>	<u>217,740</u>	<u>-</u>	<u>911,768</u>
Total Current Assets	884,389	2,394,825	1,278,214	101,812	4,659,240
Capital assets					
Non-depreciable	45,211	12,703	580	-	58,494
Depreciable, net of accumulated depreciation	7,315,765	1,011,204	1,243,118	-	9,570,087
Total Non-current Assets	<u>7,360,976</u>	<u>1,023,907</u>	<u>1,243,698</u>	<u>-</u>	<u>9,628,581</u>
Total Assets	<u>\$ 8,245,365</u>	<u>\$ 3,418,732</u>	<u>\$ 2,521,912</u>	<u>\$ 101,812</u>	<u>\$ 14,287,821</u>
LIABILITIES					
Current Liabilities					
Accounts payable	\$ 58,376	\$ 88,233	\$ 16,560	\$ 15,154	\$ 178,323
Accrued liabilities	4,162	7,122	2,770	193	14,247
Customer deposits payable	61,321	105,840	58,800	-	225,961
Compensated absences, due within one year	5,918	3,603	1,572	-	11,093
Notes payable, due within one year	104,765	-	-	-	104,765
Bonds payable, due within one year	20,128	-	-	-	20,128
Total Current Liabilities	<u>254,670</u>	<u>204,798</u>	<u>79,702</u>	<u>15,347</u>	<u>554,517</u>
Noncurrent Liabilities					
Notes payable, due in more than one year	591,172	-	-	-	591,172
Bonds payable, due in more than one year	410,844	-	-	-	410,844
Total Noncurrent Liabilities	<u>1,002,016</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,002,016</u>
Total Liabilities	1,256,686	204,798	79,702	15,347	1,556,533
NET POSITION					
Net investment in capital assets	6,234,067	1,023,907	1,243,698	-	8,501,672
Restricted for Public Works	-	617,758	217,740	-	835,498
Restricted for Debt Service	76,270	-	-	-	76,270
Unrestricted	678,342	1,572,269	980,772	86,465	3,317,848
Total Net Position	<u>6,988,679</u>	<u>3,213,934</u>	<u>2,442,210</u>	<u>86,465</u>	<u>12,731,288</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 8,245,365</u>	<u>\$ 3,418,732</u>	<u>\$ 2,521,912</u>	<u>\$ 101,812</u>	<u>\$ 14,287,821</u>

CITY OF GRANTVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Business-type Activities - Enterprise Funds				
	Water and Sewer Fund	Electric Fund	Gas Fund	Non-major Enterprise Solid Waste Fund	Totals
OPERATING REVENUE					
Charges for sales and services	\$ 989,672	\$ 1,334,823	\$ 477,867	\$ 199,066	\$ 3,001,428
Total Revenues	989,672	1,334,823	477,867	199,066	3,001,428
OPERATING EXPENSES					
Costs of sales and services	263,214	909,987	164,492	183,095	1,520,788
General operating costs	416,543	206,250	114,221	11,966	748,980
Depreciation	263,607	105,956	45,655	-	415,218
Total Operating Expenses	943,364	1,222,193	324,368	195,061	2,684,986
Operating Income (Loss)	46,308	112,630	153,499	4,005	316,442
NON-OPERATING INCOME (EXPENSES)					
Gain on sale of assets	2,153	-	-	-	2,153
Interest income	149	-	21,710	-	21,859
Interest expense	(38,908)	-	-	-	(38,908)
Investment income (loss)	-	74,855	-	-	74,855
Total Non-Operating Income (Expenses)	(36,606)	74,855	21,710	-	59,959
Transfers in	497,909	53,103	15,395	850	567,257
Transfers out	(130,534)	(20,529)	-	-	(151,063)
	367,375	32,574	15,395	850	416,194
Change in Net Position	377,077	220,059	190,604	4,855	792,595
Total Net Position, Beginning	6,611,602	2,993,875	2,251,606	81,610	11,938,693
Total Net Position, Ending	\$ 6,988,679	\$ 3,213,934	\$ 2,442,210	\$ 86,465	\$ 12,731,288

See Notes to Financial Statements

CITY OF GRANTVILLE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

Business-type Activities - Enterprise Funds

	Water and Sewer Fund	Electric Fund	Gas Fund	Non-major Enterprise Solid Waste Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 995,558	\$ 1,373,114	\$ 455,224	\$ 196,385	\$ 3,020,281
Payments to suppliers	(449,741)	(966,560)	(215,078)	(183,566)	(1,814,945)
Payments to employees	(199,271)	(142,311)	(60,900)	(12,039)	(414,521)
Net cash provided by (used in) operating activities	<u>346,546</u>	<u>264,243</u>	<u>179,246</u>	<u>780</u>	<u>790,815</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Transfers in from other funds	204,488	43,608	15,395	850	264,341
Transfer out to other funds	(130,534)	(20,529)	-	-	(151,063)
Net cash provided by (used in) non-capital financing activities	<u>73,954</u>	<u>23,079</u>	<u>15,395</u>	<u>850</u>	<u>113,278</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from sale of capital assets	2,153	-	-	-	2,153
Contributed capital	21,000	-	-	-	21,000
Principle payments on notes payable	(102,894)	-	-	-	(102,894)
Principle payments on bonds payable	(19,670)	-	-	-	(19,670)
Interest paid	(39,169)	-	-	-	(39,169)
Net cash used in capital and related financing	<u>(138,580)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(138,580)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	149	74,855	21,710	-	96,714
Net cash provided by (used in) investing activities	<u>149</u>	<u>74,855</u>	<u>21,710</u>	<u>-</u>	<u>96,714</u>
Net Increase (Decrease) in cash	282,069	362,177	216,351	1,630	862,227
Cash, Beginning	<u>464,665</u>	<u>1,841,582</u>	<u>1,018,780</u>	<u>74,118</u>	<u>3,399,145</u>
Cash, Ending	<u>\$ 746,734</u>	<u>\$ 2,203,759</u>	<u>\$ 1,235,131</u>	<u>\$ 75,748</u>	<u>\$ 4,261,372</u>
Classified as:					
Cash	\$ 670,464	\$ 1,586,001	\$ 1,017,391	\$ 75,748	\$ 3,349,604
Restricted cash and investments	76,270	617,758	217,740	-	911,768
Total	<u>\$ 746,734</u>	<u>\$ 2,203,759</u>	<u>\$ 1,235,131</u>	<u>\$ 75,748</u>	<u>\$ 4,261,372</u>
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Operating income (loss)	\$ 46,308	\$ 112,630	\$ 153,499	\$ 4,005	\$ 316,442
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	263,607	105,956	45,655	-	415,218
Change in assets and liabilities:					
Decrease (increase) in accounts receivable	(9,050)	37,934	(19,205)	(2,681)	6,998
(Increase) decrease in prepaid items	(176)	(433)	(21)	-	(630)
Increase (decrease) in accounts payable	31,125	12,785	4,051	(471)	47,490
Increase (decrease) in accrued liabilities	(215)	(4,143)	(1,393)	(73)	(5,824)
Increase (decrease) in customer deposits payable	14,937	356	(3,438)	-	11,855
Increase (decrease) in compensated absences payable	10	(842)	98	-	(734)
Net cash provided by (used in) operating activities	<u>\$ 346,546</u>	<u>\$ 264,243</u>	<u>\$ 179,246</u>	<u>\$ 780</u>	<u>\$ 790,815</u>

**CITY OF GRANTVILLE, GEORGIA
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2018**

		<u>Private-Purpose Trust</u>
	Assets	
Cash		\$ <u>4,508</u>
Total Assets		<u>\$ 4,508</u>
	Net Position	
Held in trust for other purposes		<u>4,508</u>
Total Net Position		<u>\$ 4,508</u>

**CITY OF GRANTVILLE, GEORGIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	Private-Purpose Trust
Additions:	
Earnings on investments	\$ 3
Other sources	79,240
Total Additions	79,243
Deductions:	
Cemetery services	74,735
Total Deductions	74,735
Change in Net Position	4,508
Net position, Beginning	-
Net position, Ending	\$ 4,508

**CITY OF GRANTVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Grantville, Georgia (the "City") have been prepared in conformity with accounting principles generally accepted in the United States of America (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. The more significant of the City's accounting policies are described below.

A. Reporting Entity

Incorporated in 1852, under the laws of the State of Georgia, the City of Grantville is governed by a five member Mayor/Council form of government. The Mayor and Council are elected to four-year terms. The Mayor and the other four Council members serve on a part-time basis. The Mayor and Council appoint a city manager to handle the daily operations of the City.

The City's major operations include public safety, public works, culture and recreation, housing and development, utility services and general administrative services.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. Governmental activities, which are normally 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. The statement of net position will include non-current assets, deferred inflows of resources, and non-current liabilities. In addition, the government-wide statement of activities reflects depreciation expense on the City's capital assets.

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

CITY OF GRANTVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The government-wide financial statements are reported using the 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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are 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 are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, licenses, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

In accordance with GASB Statement No. 33, "Accounting and Financial Reporting for Non-exchange Transactions," the corresponding assets (receivables) in non-exchange transactions are recognized in the period in which the underlying exchange occurs, when an enforceable legal claim has arisen, when all eligibility requirements have been met, or when resources are received, depending on the revenue source.

The City reports the following major governmental funds:

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

CITY OF GRANTVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**C. Measurement Focus, Basis of Accounting, and Basis of Presentation
(Continued)**

The **2007 SPLOST Fund** is used to account for the one percent Special Purpose Local Option Tax (SPLOST) funds collected as part of the referendum adopted in 2007. The funds are used for specific capital projects as approved by voter referendum.

The **2013 SPLOST Fund** is used to account for the one percent Special Purpose Local Option Tax (SPLOST) funds collected as part of the referendum adopted in 2012. The funds are used for specific capital projects as approved by voter referendum.

The **Drug Fund** accounts for revenue from seizures and forfeitures which are legally restricted to expenditures for law enforcement services.

The **Court Fund** is used to account for all operations of the court including fines and other fees for violations of city ordinances.

The City reports the following major enterprise funds:

The **Water and Sewer Fund** is used to account for all operations relating to activities conducted in the operation of a municipal water supply and wastewater treatment system.

The **Electric Fund** is used to account for all operations related to providing electrical utilities to citizens of the City.

The **Gas Fund** is used to account for all operations related to providing natural gas utilities to citizens of the City.

The City reports the following fiduciary funds:

The **fiduciary fund** accounts for funds collected and expended on the cemetery.

The City also reports the following non-major fund type:

The **enterprise fund** is used to account for the charges and expenses incurred in providing garbage services to the city. The City has a service contract in place with a third party to provide the collection and disposal of solid waste.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements.

**CITY OF GRANTVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**C. Measurement Focus, Basis of Accounting, and Basis of Presentation
(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. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges for goods and services provided. Operating expenses of the enterprise funds include the cost of these goods and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Budgets

An annual appropriated budget is adopted for the General Fund, the Drug Fund, and the Court Fund. A project-length budget is adopted for the 2007 and 2013 SPLOST Funds. Budgets are adopted on a modified accrual basis, which is consistent with generally accepted accounting principles for governmental funds. All appropriations lapse at fiscal year end. The City does not use encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation.

E. Deposits and Investments

Georgia statutes authorize the City to invest in the following: (1) obligations of Georgia or any other state; (2) obligations of the United States; (3) obligations fully insured or guaranteed by the United States government or one of its agencies; (4) obligations of any corporation of the United States government; (5) prime bankers' acceptances; (6) the State of Georgia local government investment pool; (7) repurchase agreements; and (8) obligations of any other political subdivisions of the State of Georgia. Any investment or deposit in excess of the federal depository insured amounts must be collateralized by an equivalent amount of State or U.S. obligations. For purposes of the statement of cash flows, all highly liquid investments with an original maturity of less than 90 days are considered to be cash equivalents. Investments are reported at fair value as determined by quoted market prices.

**CITY OF GRANTVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as all other outstanding balances between funds is 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."

Advances between funds, as reported in the fund financial statements, represent long-term borrowing arrangements with established repayment schedules, and are offset by a fund balance account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

G. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Payments made to vendors for services that will benefit periods beyond September 30, 2018, are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are reported on the consumption basis of accounting.

H. Capital Assets

Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and intangible assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. In accordance with GASB 34, infrastructure assets acquired prior to October 1, 2003 have not been capitalized.

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.

**CITY OF GRANTVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Capital Assets (Continued)

Capital assets of the City are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Buildings	25 to 70
Vehicles	5 to 8
Equipment	5 to 10
Water distribution system	15 to 75
Sewerage treatment plant	40 to 70
Gas distribution system	25 to 50
Electricity distribution system	25 to 50
General infrastructure	50

I. Restricted Assets

Restricted assets in the enterprise funds include amounts for customer utility deposits, funds established for debt service for revenue bonds, and amounts related to the Municipal Electric Authority of Georgia (MEAG) trust accounts.

J. Compensated Absences

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

K. Deferred Outflows / Inflows of Resources

The City implemented GASB Statements No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities*, as of October 1, 2012. These new standards establish accounting and financial reporting for deferred outflows / inflows of resources and the concept of net position as the residual of all other elements presented in a statement of financial position.

**CITY OF GRANTVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Deferred Outflows / Inflows of Resources (Continued)

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 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 that qualify for reporting in this category.

The governmental funds report unavailable revenues from property taxes and intergovernmental revenues as these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available. Additionally, the governmental funds balance sheet and will report unearned property tax revenues as a deferred inflow of resources as the amount represents resources associated with an imposed non-exchange revenue transaction received or reported as a receivable before the period for which the property taxes were levied. These revenues will be recognized as an inflow of resources in the period for which they were levied.

L. 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 position. Bond premiums and discounts are deferred and amortized over the term of the bonds using the effective interest method. Bonds payable are reported net of the applicable discount or premium. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures or expenses.

**CITY OF GRANTVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net position."

Fund Balance – Generally, fund balance represents the difference between the assets, deferred inflows of resources, and liabilities under the current financial resources management focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in those funds can be spent.

Fund balances are classified as follows:

Non-spendable – Fund balances are reported as non-spendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

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

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

Assigned – Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. The Council has not currently designated the authority to make assignments, and retains the authority with the Council.

Unassigned – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the General Fund. The City, by resolution, has created a minimum fund balance policy to be no less than 30 to 55 days or 9% to 15% of the next fiscal year's budgeted expenditures, in order to maintain adequate reserves to cover unforeseen emergencies and/or revenue shortfalls.

CITY OF GRANTVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Fund Equity (Continued)

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: (1) Committed, (2) Assigned, (3) Unassigned.

Net Position – Net position represent the difference between assets, deferred inflows of resources, and liabilities in reporting which utilizes the economic resources measurement focus. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the City has spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net positions is reported as unrestricted. The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available. Restrictions on the government-wide statement of net position represent amounts segregated to meet debt covenants and State laws.

N. Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets, deferred inflows of resources, and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenditures/expenses during the period. Actual results could differ from those estimates.

**CITY OF GRANTVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

**NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS
AND FUND FINANCIAL STATEMENTS**

**A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet
and the Government-wide Statement of Net Position**

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$28,422 difference are as follows:

Compensated absences	\$ (28,422)
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ (28,422)</u>

**B. Explanation of Certain Differences Between the Governmental Fund Statement of
Revenues, Expenditures, and Changes in Fund Balances and the Government-wide
Statement of Activities**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense.” The details of this \$139,770 difference are as follows:

Capital outlay	\$ 443,677
Depreciation expense	<u>(303,907)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ 139,770</u>

**CITY OF GRANTVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 3. LEGAL COMPLIANCE - BUDGETS

The City of Grantville, Georgia employs the following procedures in establishing its annual budget:

1. Prior to October 1, the City Manager prepares a proposed budget for the fiscal year commencing October 1. The proposed budget is submitted to the Mayor and City Council. The operating budget includes proposed expenditures and the means for financing them.
2. The City Council holds a public hearing on the budget of the City of Grantville, Georgia.
3. The budget is then revised and adopted or amended by the City Council at a subsequent regular meeting in the year to which it applies.
4. The adopted budget may be revised during the year only by formal action of the City Council in a regular meeting and no increase shall be made therein without provision also being made for financing same, for anything above the legal level of budgetary control, which is the department level. The final budget amounts shown in these financial statements reflect amendments approved by the City Council.

The General Fund had an excess of actual expenditures over appropriations as follows for the year ended September 30, 2018:

General government:	
Public works:	
Cemetery	600
Drug Fund	
Public Safety:	
Police	40,941

The excess expenditures over the approved budget were funded through revenues collected in excess of approved amounts.

The Court fund had no excess of actual expenditures over appropriations for the year ended September 30, 2018,

**CITY OF GRANTVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 4. DEPOSITS AND INVESTMENTS

Total deposits and investments as of September 30, 2018 are summarized as follows:

Amounts as presented on the entity wide statement of net position:

Cash and cash equivalents	\$ 3,626,540
Investments	165,667
Restricted cash and cash equivalents	333,567
Restricted investments	578,201
Total	<u>\$ 4,703,975</u>
Cash deposited with financial institutions	\$ 3,960,107
Certificates of deposit	165,667
Municipal Competitive Trust	578,201
	<u>\$ 4,703,975</u>

Credit Risk. State statutes authorize the City to invest in obligations of the State of Georgia or 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; obligations of any corporation of the U.S. government; prime banker's acceptances; 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 had the following investments:

Investment	Maturities (in years)	Fair Value
Certificate of deposit	1 year	\$ 165,667
Municipal Competitive Trust	Less than 1 year	212,921
Municipal Competitive Trust	1-5 years	365,280
Total		<u>\$ 743,868</u>

The investments above are not rated by a national rating organization.

Interest Rate Risk: The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**CITY OF GRANTVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial Credit Risk – Deposits: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes and City policy, require all deposits and investments (other than Federal or State governmental instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of September 30, 2018, the City's deposits are insured or collateralized as required by State law.

NOTE 5. RECEIVABLES

Property taxes are levied on property values assessed as of January 1. The City contracts with Coweta County to bill and collect their property taxes. The taxes are levied by October 21 based on the assessed value of property as listed on the previous January 1 and are due on December 20 of each year.

Property taxes are recorded as receivables and deferred revenues when assessed. Revenues are recognized when available.

Receivables at September 30, 2018, for the City's individual major funds and non-major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	2013 <u>SPLOST</u>	Water & <u>Sewer</u>	<u>Electric</u>	<u>Gas</u>	Nonmajor Solid <u>Waste</u>
Receivables:						
Taxes	460,527	-	-	-	-	-
Accounts	5,810	-	142,292	203,770	50,793	28,697
Other Governments	10,081	92,654	-	-	-	-
Less Allowance for uncollectible	-	-	(6,118)	(18,930)	(8,318)	(2,633)
Net Total Receivable	476,418	92,654	136,174	184,840	42,475	26,064

CITY OF GRANTVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 6. CAPITAL ASSETS

Primary Government

Capital asset activity for the fiscal year ended September 30, 2018 is as follows:

Governmental activities

Capital assets, not being depreciated

Land	\$ 127,335	\$ 5,713	\$ -	\$ -	\$ 133,048
Total	127,335	5,713	-	-	133,048

Capital assets, being depreciated

Land Improvements	216,855	14,581	-	-	231,436
Buildings and Improvements	2,252,935	218,088	-	-	2,471,023
Vehicles	796,582	193,731	-	-	990,313
Machinery and equipment	861,001	11,565	-	-	872,566
Infrastructure	6,233,903	-	-	-	6,233,903
Total	10,361,276	437,965	-	-	10,799,241

Less accumulated depreciation for:

Land Improvements	(43,668)	(48,854)	-	-	(92,522)
Buildings and Improvements	(924,950)	(43,469)	-	-	(968,419)
Vehicles	(568,517)	(54,480)	-	-	(622,997)
Machinery and equipment	(529,035)	(63,663)	-	-	(592,698)
Infrastructure	(3,096,362)	(93,441)	-	-	(3,189,803)
Total	(5,162,532)	(303,907)	-	-	(5,466,439)

Total capital assets, being depreciated, net

	5,198,744	134,058	-	-	5,332,802
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Governmental activities capital assets, net

	\$ 5,326,079	\$ 139,771	\$ -	\$ -	\$ 5,465,850
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CITY OF GRANTVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 6. CAPITAL ASSETS (CONTINUED)

Business-type activities

Capital assets, not being depreciated

Land	\$ 58,494	\$ -	\$ -	\$ 58,494
Construction in Process	57,754	-	(57,754)	-
Total	<u>116,248</u>	<u>-</u>	<u>(57,754)</u>	<u>58,494</u>

Capital assets, being depreciated

Building and improvements	1,934,224	-	-	1,934,224
Vehicles	511,950	-	(22,035)	489,915
Machinery & equipment	477,241	9,496	-	486,737
Infrastructure	15,022,381	330,172	-	15,352,553
Total	<u>17,945,796</u>	<u>339,668</u>	<u>(22,035)</u>	<u>18,263,429</u>

Less accumulated depreciation for:

Building and improvements	(568,810)	(38,956)	-	(607,766)
Vehicles	(339,080)	(33,107)	22,035	(350,152)
Machinery & equipment	(334,059)	(33,652)	-	(367,711)
Infrastructure	(7,058,210)	(309,503)	-	(7,367,713)
Total	<u>(8,300,159)</u>	<u>(415,218)</u>	<u>22,035</u>	<u>(8,693,342)</u>

Total capital assets being depreciated, net

	<u>9,645,637</u>	<u>(75,550)</u>	<u>-</u>	<u>9,570,087</u>
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Business-type activities capital assets, net

	<u>\$ 9,761,885</u>	<u>\$ (75,550)</u>	<u>\$ (57,754)</u>	<u>\$ 9,628,581</u>
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Depreciation expense was charged to functions/programs of the City as follows:

Governmental activities:

General government	\$ 13,185
Public safety	81,197
Public works	169,044
Health and welfare	3,199
Culture and recreation	37,282
	<u>303,907</u>

Total depreciation expense - governmental activities

	<u>\$ 303,907</u>
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Business-type activities:

Water & sewer	\$ 263,607
Gas	45,655
Electric	105,956
	<u>415,218</u>

Total depreciation expense - business-type activities

	<u>\$ 415,218</u>
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**CITY OF GRANTVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 7. LONG-TERM DEBT

Primary Government

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Compensated absences	\$ 26,279	\$ 2,143	\$ -	\$ 28,422	\$ 28,422
Obligations Under Capital Lease	10,258	-	(10,258)	-	-
Governmental activities Long-term liabilities	<u>\$ 36,537</u>	<u>\$ 2,143</u>	<u>\$ (10,258)</u>	<u>\$ 28,422</u>	<u>\$ 28,422</u>
Business-type activities:					
Revenue bonds payable	\$ 450,642	\$ -	\$ (19,670)	\$ 430,972	\$ 20,128
Note payable	798,831	-	(102,894)	695,937	104,765
Compensated absences	12,020	11,093	(12,020)	11,093	11,093
Business-type activities Long-term liabilities	<u>\$ 1,261,493</u>	<u>\$ 11,093</u>	<u>\$ (134,584)</u>	<u>\$ 1,138,002</u>	<u>\$ 135,986</u>

For governmental funds, compensated absences and claims and judgements are liquidated by the General Fund.

**CITY OF GRANTVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 7. LONG-TERM DEBT (CONTINUED)

Revenue Bonds. In 2009, the City adopted a bond ordinance to borrow up to \$760,000 on Sewer System Revenue Bonds Series 2009. These funds are to be used for capital improvements to the sewer system and are secured by the net revenues of the City's water and sewer services. Bond terms call for an interest only payment one year from issue, with monthly payments of \$2,600 being made thereafter for 468 months, maturing in November 2035. The bonds will bear interest at 2.625% per annum.

The debt service to maturity on the Series 2009 revenue bonds is as follows:

Fiscal Year Ending September 30,	Series 2009		Total
	Principal	Interest	
2019	20,128	11,072	31,200
2020	20,663	10,537	31,200
2021	21,212	9,988	31,200
2022	21,775	9,425	31,200
2023	22,354	8,846	31,200
2024-2028	120,999	35,000	156,000
2029-2033	137,950	18,050	156,000
2034-2036	65,891	1,972	67,862
Total	<u>\$ 430,972</u>	<u>\$ 104,890</u>	<u>\$ 535,862</u>

Notes Payable. The City has also incurred debt to the Georgia Environmental Finance Authority for construction of various water and sewer system projects. The notes outstanding at September 30, 2018 are as follows:

<u>Interest Rate</u>	<u>Term</u>	<u>Due Date</u>	<u>Original Balance</u>	<u>Balance at September 30, 2018</u>
3.75%	20 years	2019	\$38,000	\$1,361
0.00%	20 years	2020	\$422,980	\$48,805
3.96%	20 years	2025	<u>\$1,460,761</u>	<u>\$645,771</u>
			<u>\$1,921,741</u>	<u>\$695,937</u>

**CITY OF GRANTVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 7. LONG-TERM DEBT (CONTINUED)

The City's notes payable debt service requirements to maturity are as follows:

Fiscal Year Ending September 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	104,765	24,388	129,153
2020	106,689	21,085	127,774
2021	93,437	17,669	111,106
2022	91,967	14,115	106,082
2023	95,664	10,419	106,083
2024-2025	203,415	9,148	212,563
Total	<u>\$ 695,937</u>	<u>\$ 96,824</u>	<u>\$ 792,761</u>

Capital Leases Payable: During a prior fiscal year, the City entered into a lease purchase agreement with Marlin Leasing Corporation for the purchase of an excavator for the public works department. This agreement bore interest at approximately 12.6% and called for monthly payments beginning August 1, 2016 of \$1,125 per month for 8 months and then 20 payments due on the 1st of each month thereafter of \$791.67. This lease agreement qualified as a capital lease for accounting purposes, as title transfers to The City at the end of the lease period. Therefore, on the government-wide financial statements, the lease was recorded as a liability and the underlying assets are recorded as fixed assets at the present value of the future minimum lease payments as of the date of the inception of the lease. During the fiscal year ending September 30, 2018, the City paid off the balance of this lease.

**CITY OF GRANTVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 8. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

There were no inter-fund balances as of September 30, 2018.

Transfers are used to (1) move unrestricted revenues from utility funds to the General Fund to supplement operations of the City, (2) move unrestricted revenues between the various utility funds for operational purposes, (3) to show the current year additions of capital assets to the business-type activities which were funded with current resources of the governmental activities of the City. The composition of inter-fund transfer balances at September 30, 2018 is as follows:

	Transfers Out	Transfers In
General Fund		
Water and Sewer Fund	\$ 118,930	\$ -
Total General Fund	118,930	-
Special Revenue Fund		
2013 SPLOST Fund	302,917	-
Court Fund	-	5,650
Total Special Revenue Fund	302,917	5,650
Proprietary Funds		
Water and Sewer Fund	130,534	497,910
Electric Fund	20,529	53,104
Gas Fund	-	15,396
Non-major Proprietary Fund	-	850
Total Proprietary Funds	151,063	567,260
Total Interfund Transfers	\$ 572,910	\$ 572,910

NOTE 9. DEFINED CONTRIBUTION PENSION PLAN

The City of Grantville's Internal Revenue Code Section 457 Plan (the "Plan") is a deferred compensation plan and qualifies as a defined contribution pension plan. The Plan is administered by VALIC for all full time employees. The Plan is funded through employee contributions. Plan provisions and contribution requirements are established and may be amended by the City Council. At September 30, 2018, there were 5 plan members. Contributions to the plan from participants were \$12,671 for the fiscal year ended September 30, 2018. There were no contributions from the City to this plan during the year ended September 30, 2018.

Beginning in the year ended September 30, 2017, the City also maintained a Simplified Employer Pension (SEP) Plan. This plan was funded through contributions from the employer. Plan provisions and contribution requirements are established and may be amended by the City Council. The City made no contributions to this plan during the fiscal year ended September 30, 2018. Elective deferrals from employees are not allowed under a SEP Plan.

**CITY OF GRANTVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 10. JOINT VENTURE

Under Georgia law, the City, in conjunction with the other municipalities and county governments in a thirteen county area, was a member in the Three Rivers Regional Development Center (RDC). As of July 1, 2009, the Three Rivers RDC was dissolved and merged into the Three Rivers Regional Commission. Membership in the Commission is required under the Official Code of Georgia Annotated (OCGA) Section 50-8-34. During the fiscal year ended September 30, 2018, the City paid \$3,202 in dues to the Commission. The governing Board of the Commission includes the chief elected official of each county and one municipality included in the Commission area. Member governments are liable for any debts or obligations incurred by the Commission. Separate financial statements may be obtained from the Three River Regional Commission, PO Box 1600, Franklin, Georgia 30217.

NOTE 11. FIDUCIARY FUND

The Grantville Cemetery Trust:

The Grantville Cemetery Trust (the "Trust") is a fiduciary fund to the City of Grantville. The City Council voted to obligate 4/10 of one mil, with an annual maximum of \$5,000, to the maintenance of the cemetery. The Trust is a 501(c)(3) organization formed to maintain the City Cemetery. During the year ended September 30, 2018, the remaining member of the independent Board of Trustees turned the trust over to the City to be held in a separate restricted account for Capital Improvements to the Cemetery. The Trust's financial statements are included on pages 13 and 14 of these financial statements but are excluded from the government-wide statement of net position and statement of activities in accordance with GASB 34.

NOTE 12. RELATED ORGANIZATIONS

Housing Authority of the City of Grantville

The Housing Authority of the City of Grantville (the "Housing Authority") is a related organization to the City of Grantville. The City made no contributions to the Housing Authority during the fiscal year ended September 30, 2018. The City does not have the power to remove board members or direct its operations, nor is it financially responsible for the Housing Authority.

CITY OF GRANTVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 13. RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has joined together with other municipalities in the State as part of the Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund and the Georgia Municipal Association Group Self-Insurance Workers' Compensation Fund, public entity risk pools currently operating as common risk management and insurance programs for member local governments.

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

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the workers' compensation law of Georgia. The funds are 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 have not exceeded the coverage in the past three years.

The City carries commercial insurance for other risks of losses. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage in the current or prior year.

**CITY OF GRANTVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 14. COMMITMENTS AND CONTINGENCIES

Litigation:

The City is named as a defendant in certain legal actions in the nature of claims for alleged damages to persons and property and other similar types of actions rising in the course of City operations. The outcome of these legal actions cannot be ascertained at this time. There are no liabilities recorded in the statement of net assets.

Grant Contingencies:

The City has received Federal and State grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to the disallowance of certain expenditures previously reimbursed by those agencies. Based upon prior experience, management of the City believes such disallowances, if any, will not be significant.

Agreements with the Municipal Electric Authority of Georgia:

The Municipal Electric Authority of Georgia (MEAG) is a public corporation and an instrumentality of the State of Georgia created to supply electricity to local government electric distribution systems. As provided by State law, MEAG establishes rates and charges so as to produce revenues sufficient to cover its costs, including debt service, but it may not operate any of its projects for profit unless any such profits inure to the benefit of the public.

**CITY OF GRANTVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 14. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Agreements with the Municipal Gas Authority of Georgia:

The City has also entered into a contract for wholesale natural gas purchases with the Municipal Gas Authority of Georgia (MGAG) that requires the City to purchase all of its natural gas from MGAG. The gas supply contract with MGAG authorizes MGAG to establish rates and charges so as to produce revenues sufficient to cover its operating costs and retire its bonds issued to acquire long-term gas supplies for sale to its members, including the City. In the event that revenues are insufficient to cover all costs and retire the bonds issued by MGAG, the City is obligated to pay its "obligation share" of the costs of the gas supply and related services MGAG provides to the City, which costs includes amounts equal to principal and interest on MGAG's bonds. These obligations, which extend through the year 2018, are general obligations of the City to which the City's full faith, credit and taxing powers are pledged. The City's obligation to MGAG for gas supply costs are based on MGAG's costs to provide such supply, including bonds issued to purchase long-term rights to bulk supply. Payments to MGAG are made monthly based on actual usage. The total payments under these contracts amounted to \$164,491 in 2018.

At September 30, 2018, the outstanding debt of MGAG was approximately \$196 million. The City's guarantee varies by individual projects undertaken by MGAG and totals \$201,431 at September 30, 2018.

NOTE 15. PRIOR PERIOD ADJUSTMENT

A prior period adjustment was required to correct the effects of an error in the Statement of Net Position and Statement of Activities. In the prior year, property taxes that were assessed but were not available to pay current period expenditures, were included in the Government-Wide Statement of Net Position as a deferred inflow of resources. The associated revenue was not properly recognized in the prior period in the Government-Wide Statement of Activities. The prior period adjustment resulted in a decrease in Deferred Inflows of Resources in the amount of \$395,763 and a corresponding increase in the Unrestricted Net Position in the Government-Wide Statement of Net Position.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF GRANTVILLE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GENERAL FUND BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:				
Taxes	\$ 1,457,654	\$ 1,457,654	\$ 1,469,061	\$ 11,407
Licenses and permits	59,475	59,475	58,293	(1,182)
Charges for services	36,500	36,500	24,599	(11,901)
Intergovernmental	169,300	169,300	142,387	(26,913)
Interest	-	-	97	97
Contributions	500	500	13,227	12,727
Other revenues	<u>32,000</u>	<u>32,000</u>	<u>42,287</u>	<u>10,287</u>
Total Revenue	1,755,429	1,755,429	1,749,951	(5,478)
EXPENDITURES:				
General government:				
Legislative	73,714	73,714	70,785	2,929
Executive	12,475	12,475	11,957	518
Finance	<u>217,367</u>	<u>244,867</u>	<u>230,661</u>	<u>14,206</u>
Total general government	303,556	331,056	313,403	17,653
Public safety:				
Police	1,173,611	1,221,661	1,151,780	69,881
Fire	232,816	232,816	168,002	64,814
Animal control	<u>106,439</u>	<u>106,439</u>	<u>85,966</u>	<u>20,473</u>
Total public safety	1,512,866	1,560,916	1,405,748	155,168
Public works:				
Highways and streets	259,854	259,854	202,031	57,823
Cemetery	16,000	17,000	17,600	(600)
Street lights	<u>70,000</u>	<u>70,000</u>	<u>59,277</u>	<u>10,723</u>
Total public works	345,854	346,854	278,908	67,946
Health and welfare	200,714	200,714	187,046	13,668
Recreation	129,437	129,437	75,306	54,131
Housing and development	<u>30,000</u>	<u>42,000</u>	<u>29,797</u>	<u>12,203</u>
Total Expenditures	<u>2,522,427</u>	<u>2,610,977</u>	<u>2,290,208</u>	<u>320,769</u>
Excess Revenues				
Over (Under) Expenditures	(766,998)	(855,548)	(540,257)	315,291
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	-	12,152	12,152
Transfer in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>(118,930)</u>	<u>(118,930)</u>
Total Other Financing Sources (Uses)	-	-	(106,778)	(106,778)
Net Changes in Fund Balances	(766,998)	(855,548)	(647,035)	208,513
Beginning Fund Balance	<u>(316,918)</u>	<u>(316,918)</u>	<u>(316,918)</u>	-
Ending Fund Balance	\$ (1,083,916)	\$ (1,172,466)	\$ (963,953)	\$ 208,513

CITY OF GRANTVILLE, GEORGIA
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 DRUG FUND BUDGET AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Original Budget	Final Budget	Actual	Variance
REVENUES:				
Fines and forfeitures	40,000	40,000	279,973	239,973
EXPENDITURES:				
Public safety:				
Police	40,000	40,000	80,941	(40,941)
Total public safety	<u>40,000</u>	<u>40,000</u>	<u>80,941</u>	<u>(40,941)</u>
Excess Revenues Over (Under) Expenditures	-	-	199,032	199,032
OTHER FINANCING SOURCES (USES)				
Transfer in	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Changes in Fund Balances	-	-	199,032	199,032
Beginning Fund Balance	<u>67,667</u>	<u>67,667</u>	<u>67,667</u>	-
Ending Fund Balance	<u>\$ 67,667</u>	<u>\$ 67,667</u>	<u>\$ 266,699</u>	<u>\$ 199,032</u>

CITY OF GRANTVILLE, GEORGIA
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 COURT FUND BUDGET AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Original Budget	Final Budget	Actual	Variance
REVENUES:				
Fines and forfeitures	421,000	421,000	350,940	(70,060)
EXPENDITURES:				
Public safety:				
Judicial	<u>194,668</u>	<u>194,668</u>	<u>177,218</u>	<u>17,450</u>
Total public safety	<u>194,668</u>	<u>194,668</u>	<u>177,218</u>	<u>17,450</u>
Excess Revenues Over (Under) Expenditures	226,332	226,332	173,722	(52,610)
OTHER FINANCING SOURCES (USES)				
Transfer in	-	-	5,650	5,650
Total Other Financing Sources (Uses)	-	-	5,650	5,650
Net Changes in Fund Balances	226,332	226,332	179,372	(46,960)
Beginning Fund Balance	<u>6,670</u>	<u>6,670</u>	<u>6,670</u>	-
Ending Fund Balance	<u>\$ 233,002</u>	<u>\$ 233,002</u>	<u>\$ 186,042</u>	<u>\$ (46,960)</u>

CITY OF GRANTVILLE, GEORGIA

**SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX (SPLOST)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

	ESTIMATED COST		PRIOR	EXPENDITURES		TOTAL	PERCENTAGE OF COMPLETION
	ORIGINAL	CURRENT		CURRENT	TOTAL		
2002 SPLOST							
2007 SPLOST							
Utility capital expansion	889,600	648,866	581,730	33,261	614,991	94.78	
Public building renovation	500,400	438,641	434,251	-	434,251	99.00	
Police capital assets	236,300	318,290	318,290	-	318,290	100.00	
Recreation facility construction	208,500	611,523	611,523	-	611,523	100.00	
Road and sidewalk construction	945,200	689,524	637,378	23,487	660,865	95.84	
	<u>2,780,000</u>	<u>2,706,844</u>	<u>2,583,172</u>	<u>56,748</u>	<u>2,639,920</u>		
2013 SPLOST							
Road and sidewalk construction	1,118,520	1,118,520	625,415	-	625,415	55.91	
Utility capital expansion	674,360	674,360	110,908	352,349	463,257	68.70	
City hall	444,540	444,540	188,576	145,527	334,103	75.16	
Recreation and culture	386,800	386,800	186,313	118,319	304,632	78.76	
Public safety	243,780	243,780	182,646	9,974	192,620	79.01	
	<u>2,868,000</u>	<u>2,868,000</u>	<u>1,293,858</u>	<u>626,169</u>	<u>1,920,027</u>		
TOTALS	<u>\$ 5,648,000</u>	<u>\$ 5,574,844</u>	<u>\$ 3,877,030</u>	<u>\$ 682,917</u>	<u>\$ 4,559,947</u>		

COMPLIANCE SECTION

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

To the City Council
City of Grantville, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Grantville, Georgia, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City of Grantville, Georgia's basic financial statements and have issued our report thereon dated January 14, 2019.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency 2018-001 described in the accompanying schedule of findings and responses to be a material weakness.

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. The results of our tests disclosed no weaknesses in internal control that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Grantville, Georgia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Grantville, Georgia's Response to Findings

City of Grantville, Georgia's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. City of Grantville, Georgia's response was 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 results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

 Ronald R. Stephens, CPA

Rainbow City, Alabama

January 14, 2019

CITY OF GRANTVILLE, GEORGIA

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

SECTION 1
SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued	Unmodified	
Internal control over financial reporting		
Material weaknesses identified?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Significant deficiencies identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Noncompliance material to the financial statements noted	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Federal Awards

There was not an audit of major federal award programs for the fiscal year ended September 30, 2018 due to the total federal amount expended being less than \$750,000

CITY OF GRANTVILLE, GEORGIA

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

SECTION 2
FINANCIAL STATEMENT FINDINGS AND REPOSES

2018-001 Segregation of Duties

Criteria: A basic internal control over financial reporting is the segregation of duties of transaction processing, record keeping, reconciliation, and custody of assets.

Condition: This is an inherent limitation for entities that are small in size and thus, have limited staff to perform designated functions.

Context/Cause: During our audit, we noted that duties were not segregated in a number of areas where small adjustments to the policies of the City could help to further facilitate this important control. These areas include cash disbursements, bank reconciliation, customer billing, cash receipts and collections, and approval of journal entries.

Effects: Lack of segregation of duties and a corresponding lack of monitoring and oversight increases exposure to misappropriation of assets and errors in financial reporting.

Recommendation: We recommend that management continue to evaluate the procedures and policies used in the accounting area and continue to segregate duties where possible. Additional oversight, monitoring, and approval will be necessary in areas where duties cannot be segregated at an optimal level due to limitations in staff size.

Auditee's Response: Management has incorporated an external accountant with 20+ years of experience into the daily, weekly, and monthly accounting processes of the City and will continue to explore areas where duties can be segregated.