

CITY OF GROVETOWN, GEORGIA

FINANCIAL REPORT

**FOR THE SIX MONTHS ENDED
JUNE 30, 2020**

CITY OF GROVETOWN, GEORGIA
FINANCIAL REPORT
FOR THE SIX MONTHS ENDED JUNE 30, 2020

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

**To the Honorable Mayor and Members
of the City Council
City of Grovetown, Georgia
Grovetown, Georgia**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **City of Grovetown, Georgia** (the "City"), as of and for the six months ended June 30, 2020, 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 ("GAAP"); 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, each major fund, and the aggregate remaining fund information of the City as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (on pages 4 through 10), the Schedule of Changes in the City's Net Pension Liability and Related Ratios (on page 41), and the Schedule of City Contributions (on page 42) 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 ("GASB") 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's basic financial statements. The combining and individual nonmajor fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules of expenditures of special purpose local option sales tax proceeds are presented for purposes of additional analysis as required by the Official Code of Georgia Annotated ("O.C.G.A.") §48-8-121, and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules and the schedules of expenditures of Special Purpose Local Option Sales Tax ("SPLOST") proceeds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules and the schedules of expenditures of special purpose local option sales tax proceeds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City'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 Grovetown, Georgia's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Mauldin & Jenkins, LLC".

Macon, Georgia
March 30, 2021

CITY OF GROVETOWN, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2020

On September 9, 2019 Mayor and Council voted to adopt Ordinance 2019-08-01 Ordinance to Change Fiscal Year. This ordinance effectively changed the City of Grovetown's fiscal year end from December 31st of each year to June 30th of each year. After adoption, it was the opinion of Mayor and Council to implement a short fiscal year from January 1, 2020 to June 30, 2020 to transition the City's fiscal year. These statements show the results of the fiscal year January 1, 2020 to June 30, 2020.

Georgia law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. Due to the impact of COVID-19 on the State of Georgia, Governor Brian Kemp issued Executive Order No. 04.23.20.02 allowing local governments with a fiscal year-end of June 30th an automatic 90-day extension to complete their required annual audit report. This report is published to fulfill that requirement for the fiscal year ended June 30, 2020.

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

Mauldin & Jenkins, CPAs & Advisors has issued an unmodified opinion on the City of Grovetown, Georgia's (the "City") financial statements for the year ended June 30, 2020. The independent auditors' report is located at the front of the financial section of this report.

As management of the City, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2020.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the most recent calendar year by \$43,793,980. Of this amount, \$29,738,247 reflects net investment in capital assets. At year-end, the City's unrestricted net position totaled \$10,200,932 and could be used at the discretion of the Mayor and City Council.
- The City reported a \$424,865 increase in net position for the year ended June 30, 2020. This is a decrease of \$3,153,345 from the prior year.
- As of June 30, 2020, the City's combined fund balance of the City's governmental funds was approximately \$9,056,912, a decrease of \$1,394,681 from the prior year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

Reporting the City's Most Significant Funds

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

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

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

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

Notes to the financial statements – The notes to the basic financial statements provide additional information that is essential to the full understanding of the data provided in the government-wide and fund statements. The notes to the basic financial statements can be found on pages 20 through 40 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to the employees, budgetary comparative information for the general fund and proprietary fund and infrastructure modified approach. Supplementary information begins on page 41.

MANAGEMENT'S DISCUSSION AND ANALYSIS

GOVERNMENT-WIDE FINANCIAL ANALYSIS

By far the largest portion of the City's net position (68%) reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The City uses its capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Summary of Net Position

| | Governmental Activities | | Business-type Activities | | Total | |
|-------------------------------------|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Current assets | \$ 10,311,836 | \$ 11,059,271 | \$ 6,177,270 | \$ 5,893,643 | \$ 16,489,106 | \$ 16,952,914 |
| Capital assets | 24,381,681 | 23,053,403 | 26,041,540 | 25,602,186 | 50,423,221 | 48,655,589 |
| Total assets | <u>34,693,517</u> | <u>34,112,674</u> | <u>32,218,810</u> | <u>31,495,829</u> | <u>66,912,327</u> | <u>65,608,503</u> |
| Deferred Outflows of Resources | <u>663,123</u> | 420,255 | <u>82,970</u> | 71,159 | <u>746,093</u> | 491,414 |
| Current liabilities | 2,320,974 | 1,268,488 | 785,478 | 522,219 | 3,106,452 | 1,790,707 |
| Long-term liabilities | <u>181,740</u> | 149,060 | <u>20,713,454</u> | 20,660,625 | <u>20,895,194</u> | 20,809,685 |
| Total liabilities | <u>2,502,714</u> | <u>1,417,548</u> | <u>21,498,932</u> | <u>21,182,844</u> | <u>24,001,646</u> | <u>22,600,392</u> |
| Deferred Inflows of Resources | <u>204,221</u> | 125,734 | <u>13,112</u> | 4,676 | <u>217,333</u> | 130,410 |
| Net position: | | | | | | |
| Net investment in capital assets | 24,381,681 | 23,053,403 | 5,356,566 | 4,962,188 | 29,738,247 | 28,015,591 |
| Restricted for: | | | | | | |
| Debt service | - | - | 1,318,451 | 980,940 | 1,318,451 | 980,940 |
| Capital projects | 2,536,350 | 2,533,348 | - | - | 2,536,350 | 2,533,348 |
| Unrestricted | <u>5,731,674</u> | <u>7,402,896</u> | <u>4,114,719</u> | <u>4,436,340</u> | <u>9,846,393</u> | <u>11,839,236</u> |
| Total net position | <u>\$ 32,649,705</u> | <u>\$ 32,989,647</u> | <u>\$ 10,789,736</u> | <u>\$ 10,379,468</u> | <u>\$ 43,439,441</u> | <u>\$ 43,369,115</u> |

Governmental Activities

The City's governmental revenues decreased by \$7,762,656 and expenses decreased by \$4,815,303. Property taxes and selective taxes decreased approximately \$2,480,000 and \$2,383,000, respectively. The most significant governmental expenses for the City were general government, public safety and public works expenses. General government expenses totaled approximately \$1,506,130. Public safety expenses totaled approximately \$921,282. Public works expenses totaled approximately \$1,413,571.

The governmental activities net position decreased \$339,942. Out of total net position, \$5,731,674 is unrestricted and available for future spending.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Business-type Activities

Revenue of the City's business-type activities were \$2,792,735 which is a decrease of \$2,664,462 from the prior year. Expenses for the City's business-type activities decreased by \$2,103,931 to \$2,792,735. The business-type activities change in net position was \$410,268. Out of total net position, \$4,114,719 is unrestricted and available for future spending. Overall, governmental, and business-type activities increased the City's net position by \$424,865 for the year ended June 30, 2020. A summary of this increase is as follows:

Changes in Net Position

| | Governmental Activities | | Business-type Activities | | Total | |
|-------------------------------------------|-------------------------|---------------|--------------------------|---------------|----------------------|---------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Revenues | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 1,045,212 | \$ 2,440,597 | \$ 2,745,466 | \$ 5,455,288 | \$ 3,790,678 | \$ 7,895,885 |
| Operating grants and contributions | 138,363 | 175,192 | - | - | 138,363 | 175,192 |
| Capital grants and contributions | 628,098 | 456,611 | 46,243 | - | 674,341 | 456,611 |
| General revenues: | | | | | | |
| Property taxes | 26,199 | 2,506,580 | - | - | 26,199 | 2,506,580 |
| Sales taxes | 136,700 | 1,751,727 | - | - | 136,700 | 1,751,727 |
| Selective taxes | 1,666,507 | 4,049,773 | - | - | 1,666,507 | 4,049,773 |
| Franchise and business taxes | 539,188 | 509,555 | - | - | 539,188 | 509,555 |
| Unrestricted investment earnings | 43,475 | 96,363 | 1,026 | 1,909 | 44,501 | 98,272 |
| Gain on sale of capital assets | - | - | - | - | - | - |
| Miscellaneous | - | - | - | - | - | - |
| Total revenues | 4,223,742 | 11,986,398 | 2,792,735 | 5,457,197 | 7,016,477 | 17,443,595 |
| Expenses | | | | | | |
| General government | 1,506,130 | 2,997,155 | - | - | 1,506,130 | 2,997,155 |
| Judicial | 131,779 | 130,811 | - | - | 131,779 | 130,811 |
| Public safety | 921,282 | 3,855,639 | - | - | 921,282 | 3,855,639 |
| Public works | 1,413,571 | 1,477,380 | - | - | 1,413,571 | 1,477,380 |
| Culture and recreation | 319,748 | 516,667 | - | - | 319,748 | 516,667 |
| Housing and development | 271,174 | 397,429 | - | - | 271,174 | 397,429 |
| Debt service | - | 3,906 | - | - | - | 3,906 |
| Business-type | - | - | 2,382,467 | 4,486,398 | 2,382,467 | 4,486,398 |
| Total expenses | 4,563,684 | 9,378,987 | 2,382,467 | 4,486,398 | 6,946,151 | 13,865,385 |
| Increase in net position before transfers | (339,942) | 2,607,411 | 410,268 | 970,799 | 70,326 | 3,578,210 |
| Transfers | - | (38,670) | - | 38,670 | - | - |
| Change in net position | (339,942) | 2,568,741 | 410,268 | 1,009,469 | 70,326 | 3,578,210 |
| Net position, beginning of year | 32,989,647 | 30,420,906 | 10,379,468 | 9,369,999 | 43,369,115 | 39,790,905 |
| Net position, end of year | \$ 32,649,705 | \$ 32,989,647 | \$ 10,789,736 | \$ 10,379,468 | \$ 43,439,441 | \$ 43,369,115 |

MANAGEMENT'S DISCUSSION AND ANALYSIS

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2020, the City had \$50,423,221 (net of accumulated depreciation) being reported as capital assets. This investment in capital assets includes police and fire equipment, buildings, park facilities, roads and utility system upgrades. Major capital asset additions during the year included improvements and expansion of the City's sewer lines, and equipment and vehicles purchased for various city departments. More detailed information about the City's capital assets is presented in Note 4 to the financial statements.

| | Governmental Activities | | Business-type Activities | | Total | |
|------------------------------|-------------------------|---------------|--------------------------|---------------|----------------------|---------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Land | \$ 2,968,389 | \$ 2,942,898 | \$ 366,995 | \$ 366,995 | \$ 3,335,384 | \$ 3,309,893 |
| Construction in progress | 991,859 | 610,832 | 19,905,613 | 19,372,385 | 20,897,472 | 19,983,217 |
| Buildings and improvements | 8,069,479 | 8,030,176 | - | - | 8,069,479 | 8,030,176 |
| Vehicles and utility systems | 6,243,139 | 5,727,517 | 1,393,183 | 1,268,093 | 7,636,322 | 6,995,610 |
| Infrastructure | 28,010,582 | 26,661,106 | 12,571,586 | 12,571,586 | 40,582,168 | 39,232,692 |
| | 46,283,448 | 43,972,529 | 34,237,377 | 33,579,059 | 80,520,825 | 77,551,588 |
| Accumulated depreciation | (21,901,767) | (20,919,126) | (8,195,837) | (7,976,873) | (30,097,604) | (28,895,999) |
| Total | \$ 24,381,681 | \$ 23,053,403 | \$ 26,041,540 | \$ 25,602,186 | \$ 50,423,221 | \$ 48,655,589 |

Long-Term Liabilities

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

General Fund Budgetary Highlights

The final budgeted operating revenues increased by \$283,531 or approximately 6% from the original budget because of increased property taxes and fines and forfeitures. The final budgeted operating expenditures increased by \$283,531 or approximately 6% due to increased personnel cost during the City's response to COVID-19.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

Economic Factors and Next Year's Budget and Rates

The Mayor, City Council members and their appointed officials have continued to aggressively address the current and future needs of the City. The City's elected and appointed officials consider many factors when setting the fiscal year 2020 budget: property tax rates, expected sales tax and insurance premium tax, and various fees that will be collected. One of the factors is the economy. Although Grovetown, Georgia is a small city, the local economy remains strong. The City's growth has been fueled by new residential development over the past several years. Along with the residential growth, the City has attracted several commercial developments.

Requests for information

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

CITY OF GROVETOWN, GEORGIA

**STATEMENT OF NET POSITION
JUNE 30, 2020**

| | Primary Government | | |
|------------------------------------------------|------------------------------------|-------------------------------------|-----------------------------------------|
| | Governmental Activities | Business-type Activities | Total Primary Government |
| ASSETS | | | |
| Cash and cash equivalents | \$ 7,024,466 | \$ 4,330,563 | \$ 11,355,029 |
| Investments | 1,927,253 | 147,236 | 2,074,489 |
| Taxes receivable | 37,644 | - | 37,644 |
| Accounts receivable | 83,677 | 455,529 | 539,206 |
| Due from other governments | 774,629 | - | 774,629 |
| Internal balances | 162,918 | (162,918) | - |
| Prepaid expenses | 301,249 | 88,409 | 389,658 |
| Restricted assets: | | | |
| Cash and cash equivalents | - | 1,318,451 | 1,318,451 |
| Capital assets: | | | |
| Nondepreciable | 3,960,248 | 20,272,608 | 24,232,856 |
| Depreciable, net of accumulated depreciation | 20,421,433 | 5,768,932 | 26,190,365 |
| Total assets | <u>34,693,517</u> | <u>32,218,810</u> | <u>66,912,327</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Pension | <u>663,123</u> | <u>82,970</u> | <u>746,093</u> |
| LIABILITIES | | | |
| Accounts payable | 694,403 | 510,122 | 1,204,525 |
| Accrued liabilities | 203,334 | 34,759 | 238,093 |
| Unearned revenues | 354,539 | - | 354,539 |
| Customer deposits payable | - | 39,555 | 39,555 |
| Notes payable due within one year | - | 83,216 | 83,216 |
| Notes payable due in more than one year | - | 20,601,758 | 20,601,758 |
| Compensated absences due within one year | 40,437 | 5,372 | 45,809 |
| Compensated absences due in more than one year | 141,303 | 23,108 | 164,411 |
| Net pension liability | 1,068,698 | 201,042 | 1,269,740 |
| Total liabilities | <u>2,502,714</u> | <u>21,498,932</u> | <u>24,001,646</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Pension | <u>204,221</u> | <u>13,112</u> | <u>217,333</u> |
| NET POSITION | | | |
| Net investment in capital assets | 24,381,681 | 5,356,566 | 29,738,247 |
| Restricted for debt service | - | 1,318,451 | 1,318,451 |
| Restricted for public safety | 8,534 | - | 8,534 |
| Restricted for capital projects | 2,527,816 | - | 2,527,816 |
| Unrestricted | 5,731,674 | 4,114,719 | 9,846,393 |
| Total net position | <u>\$ 32,649,705</u> | <u>\$ 10,789,736</u> | <u>\$ 43,439,441</u> |

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

CITY OF GROVETOWN, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE SIX MONTHS ENDED JUNE 30, 2020

| Functions/Programs | Program Revenues | | | | Net (Expenses) Revenues and Changes in Net Position | | |
|----------------------------------|---------------------|-------------------------|------------------------------------------|----------------------------------------|--------------------------------------------------------|-----------------------------|----------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | | |
| | | | | | Governmental Activities | Business-type Activities | Total |
| Primary government | | | | | | | |
| Governmental activities: | | | | | | | |
| General government | \$ 1,506,130 | \$ 225,721 | \$ - | \$ - | \$ (1,280,409) | \$ - | \$ (1,280,409) |
| Judicial | 131,779 | - | - | - | (131,779) | - | (131,779) |
| Public safety | 921,282 | 240,626 | 138,363 | - | (542,293) | - | (542,293) |
| Public works | 1,413,571 | 561,803 | - | 628,098 | (223,670) | - | (223,670) |
| Parks and recreation | 319,748 | 17,062 | - | - | (302,686) | - | (302,686) |
| Economic development | 271,174 | - | - | - | (271,174) | - | (271,174) |
| Total governmental activities | <u>4,563,684</u> | <u>1,045,212</u> | <u>138,363</u> | <u>628,098</u> | <u>(2,752,011)</u> | <u>-</u> | <u>(2,752,011)</u> |
| Business-type activities: | | | | | | | |
| Water and Sewer | 2,288,110 | 2,628,448 | - | 46,243 | - | 386,581 | 386,581 |
| Stormwater | 94,357 | 117,018 | - | - | - | 22,661 | 22,661 |
| Total business-type activities | <u>2,382,467</u> | <u>2,745,466</u> | <u>-</u> | <u>46,243</u> | <u>-</u> | <u>409,242</u> | <u>409,242</u> |
| Total primary government | <u>\$ 6,946,151</u> | <u>\$ 3,790,678</u> | <u>\$ 138,363</u> | <u>\$ 674,341</u> | <u>(2,752,011)</u> | <u>409,242</u> | <u>(2,342,769)</u> |
| General revenues: | | | | | | | |
| Property taxes | | | | | 26,199 | - | 26,199 |
| Sales taxes | | | | | 136,700 | - | 136,700 |
| Alcoholic beverage taxes | | | | | 191,280 | - | 191,280 |
| Other taxes | | | | | 1,475,227 | - | 1,475,227 |
| Franchise taxes | | | | | 539,188 | - | 539,188 |
| Unrestricted investment earnings | | | | | 43,475 | 1,026 | 44,501 |
| Total general revenues | | | | | <u>2,412,069</u> | <u>1,026</u> | <u>2,413,095</u> |
| Change in net position | | | | | (339,942) | 410,268 | 70,326 |
| Net position, beginning of year | | | | | 32,989,647 | 10,379,468 | 43,369,115 |
| Net position, end of year | | | | | <u>\$ 32,649,705</u> | <u>\$ 10,789,736</u> | <u>\$ 43,439,441</u> |

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

CITY OF GROVETOWN, GEORGIA

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020**

| | <u>General Fund</u> | <u>SPLOST 2017-2022 Fund</u> | <u>Nonmajor Governmental Funds</u> | <u>Totals Governmental Funds</u> |
|-------------------------------------------------------------------------|-------------------------|--------------------------------------|--------------------------------------------|------------------------------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 4,629,723 | \$ 1,956,482 | \$ 438,261 | \$ 7,024,466 |
| Investments | 1,927,253 | - | - | 1,927,253 |
| Taxes receivable | 37,644 | - | - | 37,644 |
| Accounts receivable | 83,677 | - | - | 83,677 |
| Due from other governments | 464,214 | 291,122 | 19,293 | 774,629 |
| Due from other funds | 162,918 | - | 27,711 | 190,629 |
| Prepaid expenditures | 301,249 | - | - | 301,249 |
| Total assets | <u>\$ 7,606,678</u> | <u>\$ 2,247,604</u> | <u>\$ 485,265</u> | <u>\$ 10,339,547</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | |
| LIABILITIES | | | | |
| Accounts payable | \$ 667,920 | \$ 17,333 | \$ 9,150 | \$ 694,403 |
| Accrued liabilities | 203,334 | - | - | 203,334 |
| Deferred revenues | 212,214 | 142,325 | - | 354,539 |
| Due to other funds | - | - | 27,711 | 27,711 |
| Total liabilities | <u>1,083,468</u> | <u>159,658</u> | <u>36,861</u> | <u>1,279,987</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable revenue - property taxes | <u>2,648</u> | <u>-</u> | <u>-</u> | <u>2,648</u> |
| Total deferred inflows of resources | <u>2,648</u> | <u>-</u> | <u>-</u> | <u>2,648</u> |
| FUND BALANCES | | | | |
| Nonspendable: | | | | |
| Prepaid expenditures | 301,249 | - | - | 301,249 |
| Restricted for: | | | | |
| Public safety | - | - | 8,534 | 8,534 |
| Capital projects | - | 2,087,946 | 439,870 | 2,527,816 |
| Unassigned: | <u>6,219,313</u> | <u>-</u> | <u>-</u> | <u>6,219,313</u> |
| Total fund balances | <u>6,520,562</u> | <u>2,087,946</u> | <u>448,404</u> | <u>9,056,912</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 7,606,678</u> | <u>\$ 2,247,604</u> | <u>\$ 485,265</u> | |

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

| | |
|---------------------------------------------------------------------------------------------------------------------------|----------------------|
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | 24,381,681 |
| Pension related deferred inflows and outflows are not reported in the funds. | 458,902 |
| Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds. | (181,740) |
| Certain liabilities are not due and payable in the current period and, therefore, are not reported in the funds. | 2,648 |
| Net pension liability is not due and payable in the current period and, therefore, is not reported in the funds. | <u>(1,068,698)</u> |
| Net position of governmental activities | <u>\$ 32,649,705</u> |

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

CITY OF GROVETOWN, GEORGIA

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE SIX MONTHS ENDED JUNE 30, 2020**

| | General Fund | SPLOST 2017-2022 Fund | Nonmajor Governmental Funds | Totals Governmental Funds |
|--------------------------------------------------------------|-------------------------|--------------------------------------|--------------------------------------------|------------------------------------------|
| Revenues | | | | |
| Property taxes | \$ 842,261 | \$ - | \$ - | \$ 842,261 |
| Other taxes | 1,475,227 | - | - | 1,475,227 |
| Charges for services | 596,185 | - | - | 596,185 |
| Licenses and permits | 209,373 | - | - | 209,373 |
| Intergovernmental | 138,363 | 619,265 | 105,475 | 863,103 |
| Fines and forfeitures | 239,593 | - | - | 239,593 |
| Interest revenue | 46,605 | 4,142 | 1,561 | 52,308 |
| Total revenues | <u>3,547,607</u> | <u>623,407</u> | <u>107,036</u> | <u>4,278,050</u> |
| Expenditures | | | | |
| Current: | | | | |
| General government | 1,601,741 | - | - | 1,601,741 |
| Judicial | 125,233 | - | - | 125,233 |
| Public safety | 1,705,147 | - | 67 | 1,705,214 |
| Public works | 1,023,223 | - | - | 1,023,223 |
| Culture and recreation | 247,320 | - | - | 247,320 |
| Housing and economic development | 244,226 | - | - | 244,226 |
| Capital outlay | - | 370,351 | 357,023 | 727,374 |
| Total expenditures | <u>4,946,890</u> | <u>370,351</u> | <u>357,090</u> | <u>5,674,331</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(1,399,283)</u> | <u>253,056</u> | <u>(250,054)</u> | <u>(1,396,281)</u> |
| Other financing source | | | | |
| Proceeds from the sale of capital assets | 1,600 | - | - | 1,600 |
| Total other financing source | <u>1,600</u> | <u>-</u> | <u>-</u> | <u>1,600</u> |
| Net change in fund balances | (1,397,683) | 253,056 | (250,054) | (1,394,681) |
| Fund balances, beginning of year | <u>7,918,245</u> | <u>1,834,890</u> | <u>698,458</u> | <u>10,451,593</u> |
| Fund balances, end of year | <u>\$ 6,520,562</u> | <u>\$ 2,087,946</u> | <u>\$ 448,404</u> | <u>\$ 9,056,912</u> |

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

CITY OF GROVETOWN, GEORGIA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE SIX MONTHS ENDED JUNE 30, 2020**

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

| | | |
|--------------------------------------------------------|--|----------------|
| Net change in fund balances - total governmental funds | | \$ (1,394,681) |
|--------------------------------------------------------|--|----------------|

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

| | | |
|-------------------------|------------------|-----------|
| Capital asset additions | \$ 2,310,919 | |
| Depreciation expense | <u>(982,641)</u> | 1,328,278 |

| | | |
|------------------------------------------------------------------------------------------------------------------------------------|--|----------|
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | | (54,308) |
|------------------------------------------------------------------------------------------------------------------------------------|--|----------|

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 governmental funds. The following amounts represent the net liability changes using the full accrual method of accounting:

| | | |
|-----------------------------------------------------------------|------------------|------------------|
| Compensated absences | \$ (32,680) | |
| Net pension liability are related deferred inflows and outflows | <u>(186,551)</u> | <u>(219,231)</u> |

| | | |
|--------------------------------------------------|--|----------------------------|
| Change in net position - governmental activities | | <u><u>\$ (339,942)</u></u> |
|--------------------------------------------------|--|----------------------------|

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

CITY OF GROVETOWN, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL GENERAL FUND FOR THE SIX MONTHS ENDED JUNE 30, 2020

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|--------------------------------------------------------------|---------------------|---------------------|---------------------|----------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Property taxes | \$ 2,585,171 | \$ 2,810,171 | \$ 842,261 | \$ (1,967,910) |
| Other taxes | 1,275,500 | 1,275,500 | 1,475,227 | 199,727 |
| Charges for services | 589,500 | 590,500 | 596,185 | 5,685 |
| Licenses and permits | 160,000 | 170,000 | 209,373 | 39,373 |
| Intergovernmental | 130,000 | 138,000 | 138,363 | 363 |
| Fines and forfeitures | 210,000 | 249,531 | 239,593 | (9,938) |
| Interest revenue | 15,000 | 15,000 | 46,605 | 31,605 |
| Total revenues | <u>4,965,171</u> | <u>5,248,702</u> | <u>3,547,607</u> | <u>(1,701,095)</u> |
| Current | | | | |
| General government: | | | | |
| Administration | 1,569,825 | 1,685,633 | 1,601,741 | 83,892 |
| Total general government | <u>1,569,825</u> | <u>1,685,633</u> | <u>1,601,741</u> | <u>83,892</u> |
| Judicial: | | | | |
| Municipal court | 125,411 | 126,974 | 125,233 | 1,741 |
| Total judicial | <u>125,411</u> | <u>126,974</u> | <u>125,233</u> | <u>1,741</u> |
| Public safety: | | | | |
| Police | 1,144,968 | 1,242,210 | 1,119,409 | 122,801 |
| Fire | 735,041 | 707,390 | 585,738 | 121,652 |
| Total public safety | <u>1,880,009</u> | <u>1,949,600</u> | <u>1,705,147</u> | <u>244,453</u> |
| Public works: | | | | |
| Administration | 842,342 | 887,071 | 1,023,223 | (136,152) |
| Total public works | <u>842,342</u> | <u>887,071</u> | <u>1,023,223</u> | <u>(136,152)</u> |
| Housing and economic development: | | | | |
| Administration | 244,202 | 275,072 | 244,226 | 30,846 |
| Total housing and economic development | <u>244,202</u> | <u>275,072</u> | <u>244,226</u> | <u>30,846</u> |
| Culture and recreation: | | | | |
| Administration | 303,382 | 324,352 | 247,320 | 77,032 |
| Total culture and recreation | <u>303,382</u> | <u>324,352</u> | <u>247,320</u> | <u>77,032</u> |
| Total expenditures | <u>4,965,171</u> | <u>5,248,702</u> | <u>4,946,890</u> | <u>301,812</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>-</u> | <u>-</u> | <u>(1,399,283)</u> | <u>(1,399,283)</u> |
| Other financing source | | | | |
| Proceeds from the sale of capital assets | - | - | 1,600 | 1,600 |
| Total other financing source | <u>-</u> | <u>-</u> | <u>1,600</u> | <u>1,600</u> |
| Net change in fund balances | - | - | (1,397,683) | (1,397,683) |
| Fund balances, beginning of year | <u>7,918,245</u> | <u>7,918,245</u> | <u>7,918,245</u> | <u>-</u> |
| Fund balances, end of year | <u>\$ 7,918,245</u> | <u>\$ 7,918,245</u> | <u>\$ 6,520,562</u> | <u>\$ (1,397,683)</u> |

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

CITY OF GROVETOWN, GEORGIA

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2020**

| ASSETS | Water and Sewer Fund | Nonmajor Stormwater Fund | Totals |
|------------------------------------------------|---------------------------------|-----------------------------------------|----------------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | \$ 3,895,856 | \$ 434,707 | \$ 4,330,563 |
| Investments | 147,236 | - | 147,236 |
| Prepaid expenses | 74,662 | 13,747 | 88,409 |
| Accounts receivable | 437,236 | 18,293 | 455,529 |
| Due from other funds | 327,041 | - | 327,041 |
| Total current assets | <u>4,882,031</u> | <u>466,747</u> | <u>5,348,778</u> |
| NON-CURRENT ASSETS | | | |
| Restricted cash | 1,318,451 | - | 1,318,451 |
| Capital Assets - nondepreciable | 20,272,608 | - | 20,272,608 |
| Capital assets - depreciable, net | 5,744,376 | 24,556 | 5,768,932 |
| Total non-current assets | <u>27,335,435</u> | <u>24,556</u> | <u>27,359,991</u> |
| Total assets | <u>32,217,466</u> | <u>491,303</u> | <u>32,708,769</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Pension | 82,970 | - | 82,970 |
| Total deferred outflows of resources | <u>82,970</u> | <u>-</u> | <u>82,970</u> |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Accounts payable | 508,436 | 1,686 | 510,122 |
| Accrued liabilities | 32,591 | 2,168 | 34,759 |
| Customer deposits payable | 39,555 | - | 39,555 |
| Due to other funds | 138,797 | 351,162 | 489,959 |
| Notes payable due within one year | 83,216 | - | 83,216 |
| Compensated absences due within one year | 3,331 | 2,041 | 5,372 |
| Total current liabilities | <u>805,926</u> | <u>357,057</u> | <u>1,162,983</u> |
| NON-CURRENT LIABILITIES | | | |
| Net pension liability | 201,042 | - | 201,042 |
| Notes payable due in more than one year | 20,601,758 | - | 20,601,758 |
| Compensated absences due in more than one year | 20,326 | 2,782 | 23,108 |
| Total non-current liabilities | <u>20,823,126</u> | <u>2,782</u> | <u>20,825,908</u> |
| Total liabilities | <u>21,629,052</u> | <u>359,839</u> | <u>21,988,891</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Pension | 13,112 | - | 13,112 |
| Total deferred outflows of resources | <u>13,112</u> | <u>-</u> | <u>13,112</u> |
| NET POSITION | | | |
| Net investment in capital assets | 5,332,010 | 24,556 | 5,356,566 |
| Restricted for debt service | 1,318,451 | - | 1,318,451 |
| Unrestricted | 4,007,811 | 106,908 | 4,114,719 |
| Total net position | <u>\$ 10,658,272</u> | <u>\$ 131,464</u> | <u>\$ 10,789,736</u> |

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

CITY OF GROVETOWN, GEORGIA

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE SIX MONTHS ENDED JUNE 30, 2020**

| | Water and Sewer Fund | Nonmajor Stormwater Fund | Totals |
|------------------------------------------|---------------------------------|-----------------------------------------|----------------------|
| OPERATING REVENUES | | | |
| Water sales | \$ 1,049,266 | \$ - | \$ 1,049,266 |
| Sewer sales | 706,775 | - | 706,775 |
| Water and wastewater tap fees | 170,799 | - | 170,799 |
| Stormwater fees | - | 117,018 | 117,018 |
| Late Fees | 23,992 | - | 23,992 |
| Other | 677,616 | - | 677,616 |
| Total operating revenues | <u>2,628,448</u> | <u>117,018</u> | <u>2,745,466</u> |
| OPERATING EXPENSES | | | |
| Personal services | 542,235 | 41,444 | 583,679 |
| Professional fees | 59,406 | 11,342 | 70,748 |
| Technical services | 51,827 | - | 51,827 |
| Testing and training | 3,398 | - | 3,398 |
| Vehicle expense | 10,750 | 18,292 | 29,042 |
| Insurance and pension cost | 166,464 | 14,665 | 181,129 |
| Utilities | 69,453 | - | 69,453 |
| Maintenace and repairs | 111,104 | - | 111,104 |
| Postage and supplies | 35,453 | 4,208 | 39,661 |
| Miscellaneous | 52,869 | - | 52,869 |
| County water and sewerage | 734,231 | - | 734,231 |
| Small equipment | 10,317 | - | 10,317 |
| Depreciation | 214,558 | 4,406 | 218,964 |
| Total operating expenses | <u>2,062,065</u> | <u>94,357</u> | <u>2,156,422</u> |
| Operating income | 566,383 | 22,661 | 589,044 |
| NON-OPERATING REVENUES (EXPENSES) | | | |
| Interest expense | (226,045) | - | (226,045) |
| Interest revenue | - | 1,026 | 1,026 |
| Total non-operating revenues (expenses) | <u>(226,045)</u> | <u>1,026</u> | <u>(225,019)</u> |
| Income before capital contributions | 340,338 | 23,687 | 364,025 |
| CAPITAL CONTRIBUTIONS | | | |
| Change in net position | 46,243 | - | 46,243 |
| Change in net position | 386,581 | 23,687 | 410,268 |
| NET POSITION, beginning of year | <u>10,271,691</u> | <u>107,777</u> | <u>10,379,468</u> |
| NET POSITION, end of year | <u>\$ 10,658,272</u> | <u>\$ 131,464</u> | <u>\$ 10,789,736</u> |

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

CITY OF GROVETOWN, GEORGIA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE SIX MONTHS ENDED JUNE 30, 2020**

| | <u>Water and Sewer Fund</u> | <u>Nonmajor Stormwater Fund</u> | <u>Totals</u> |
|---------------------------------------------------------------------------------------------|---------------------------------|-----------------------------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from customers and users | \$ 2,690,587 | \$ 115,222 | \$ 2,805,809 |
| Payments to suppliers | (1,110,212) | (22,740) | (1,132,952) |
| Payments to employees | (521,161) | (40,394) | (561,555) |
| Net cash provided by operating activities | <u>1,059,214</u> | <u>52,088</u> | <u>1,111,302</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Acquisition of capital assets | (612,075) | - | (612,075) |
| Proceeds from notes payable | 127,090 | - | 127,090 |
| Principal paid on bonds and notes | (82,115) | - | (82,115) |
| Interest paid | (226,044) | - | (226,044) |
| Net cash used in capital and related financing activities | <u>(793,144)</u> | <u>-</u> | <u>(793,144)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Interest revenue | - | 1,026 | 1,026 |
| Net cash provided by investing activities | <u>-</u> | <u>1,026</u> | <u>1,026</u> |
| Change in cash and cash equivalents | 266,070 | 53,114 | 319,184 |
| Cash and cash equivalents: | | | |
| Beginning of year | <u>4,948,237</u> | <u>381,593</u> | <u>5,329,830</u> |
| End of year | <u>\$ 5,214,307</u> | <u>\$ 434,707</u> | <u>\$ 5,649,014</u> |
| Classified as: | | | |
| Cash and cash equivalents | \$ 3,895,856 | \$ 434,707 | \$ 4,330,563 |
| Restricted assets, cash | 1,318,451 | - | 1,318,451 |
| | <u>\$ 5,214,307</u> | <u>\$ 434,707</u> | <u>\$ 5,649,014</u> |
| Reconciliation of operating income to net cash provided by operating activities: | | | |
| Operating income | \$ 566,383 | \$ 22,661 | \$ 589,044 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | |
| Depreciation | 214,558 | 4,406 | 218,964 |
| Changes in assets and liabilities: | | | |
| Decrease (increase) in accounts receivable | (68,370) | 7,320 | (61,050) |
| Increase in prepaid expense | (50,717) | (9,902) | (60,619) |
| Decrease in due from other funds | 40 | - | 40 |
| Increase in deferred outflows of resources - pension | (11,811) | - | (11,811) |
| Increase in accounts payable | 245,777 | 1,686 | 247,463 |
| Decrease in accrued liabilities | (45,951) | - | (45,951) |
| Increase in compensated absences | 6,803 | 1,050 | 7,853 |
| Increase in net pension liability | 63,597 | - | 63,597 |
| Decrease in customer deposits | (1,850) | - | (1,850) |
| Increase in due to other funds | 132,319 | 24,867 | 157,186 |
| Increase in deferred inflows of resources - pension | 8,436 | - | 8,436 |
| Net cash provided by operating activities | <u>\$ 1,059,214</u> | <u>\$ 52,088</u> | <u>\$ 1,111,302</u> |
| Non-cash transactions: | | | |
| Capital contributions | \$ 46,243 | \$ - | \$ 46,243 |

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

NOTES TO THE FINANCIAL STATEMENTS

CITY OF GROVETOWN, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Financial Reporting Entity – Basis of Presentation

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

B. Government-wide and Fund Financial Statements

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

The City reports the following major governmental funds:

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The City reports the following major proprietary fund:

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

Additionally, the City reports the following fund types:

The ***Special Revenue Funds*** account for revenue sources that are legally restricted to expenditure for specific purposes.

The ***Capital Projects Fund*** accounts for the acquisition of capital assets and construction or improvement of major capital projects such as construction of new roads.

The ***Stormwater Fund*** accounts for City's stormwater operations and related capital projects.

D. Cash, Cash Equivalents and Investments

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

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

E. Receivables and Payables

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Receivables and Payables (Continued)

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

F. Deferred Outflows/Inflows of Resources

Governmental Accounting Standards Board (“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*, 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 net position.

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has four items that qualify for reporting in this category that relate to the City’s defined benefit pension plan and are consumptions of net position that apply to future periods. The four items are the changes in assumptions, experience differences, investment earnings differences, and the City’s contributions subsequent to the measurement date. As such, they will be recognized as expenses/expenditures when consumed.

In addition to liabilities, the statement of net position and the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of fund balance 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 three types of items which qualify for reporting in this category, one of which only arises under the modified accrual basis of accounting. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and business licenses and these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available. The other two items relate to the City’s defined benefit pension plan and are the changes in assumptions and experience differences.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Prepaid Expenses

Expenditures for insurance and similar services extending over more than one accounting period are allocated between accounting periods. Reported prepaid expenses are equally offset by a nonspendable fund balance reserve.

H. Capital Assets

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

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

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

I. Compensated Absences and Post-Retirement Benefits

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

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Long-term Obligations

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

K. Unemployment Compensation Benefits

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

L. Net Position

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

M. Fund Balance

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 and liabilities under the current financial resources measurement 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 purposes for which amounts in those funds can be spent.

Fund balances are classified as follows:

- **Nonspendable** – Fund balances are reported as nonspendable when amounts cannot be spent because they are either: a) not in spendable form (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 the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Fund Balance (Continued)

- **Committed** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council through the adoption of resolution. Only the City Council may modify or rescind the commitment.
- **Assigned** – Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the City Council has authorized the City's Finance Committee or the City's Finance Director to assign fund balances.
- **Unassigned** – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

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, and 3) unassigned.

Net Position – Net position represents the difference between assets 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 position 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 are available.

N. Use of Estimates

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Stewardship, Compliance and Accountability Budgetary Information

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

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

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

NOTE 2. DEPOSITS, INVESTMENTS AND INVESTMENT POLICIES

Total deposits and investments as of June 30, 2020, are summarized as follows:

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

| | |
|--------------------------------------------|----------------------|
| Cash and cash equivalents | \$ 11,355,029 |
| Investments | 2,074,489 |
| Restricted cash and cash equivalents | <u>1,318,451</u> |
| Total | <u>\$ 14,747,969</u> |
| | |
| Cash deposited with financial institutions | \$ 12,673,480 |
| Certificates of deposit | <u>2,074,489</u> |
| Total | <u>\$ 14,747,969</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 bankers' acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. It is the City's policy to limit its investments to those allowed and authorized by state law.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2. DEPOSITS, INVESTMENTS AND INVESTMENT POLICIES (CONTINUED)

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.

At June 30, 2020, the City had the following investments:

| <u>Investment</u> | <u>Maturities</u> | <u>Fair Value</u> |
|-------------------------|-------------------|---------------------|
| Certificates of Deposit | Various | <u>\$ 2,074,489</u> |

Fair Value Measurements. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The certificates of deposit is an investment which does not meet the criteria of GASB No. 72. As a result, the City does not disclose the certificates of deposits within the fair value hierarchy.

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. As of June 30, 2020, the City did not have any deposits which were uninsured and under collateralized as defined by GASB pronouncements.

Custodial Credit Risk – Investments. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require all investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities.

NOTE 3. RECEIVABLES

Property tax receivables – The Columbia County Tax Commissioner bills and collects property taxes, then remits the City its respective share of property taxes. Property taxes for 2020 were levied on August 15, 2019 and were due November 15, 2019. Thirty (30) days after the due date, the unpaid taxes became a lien. Unpaid property taxes received within 60 day of the year-end are recognized and recorded as revenue.

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3. RECEIVABLES (CONTINUED)

Intergovernmental receivables – The City receives approximately 11% of a 1% local option sales tax on all retail sales within the City. The proceeds of such tax collected each year are used to reduce, on a dollar for dollar basis, the millage equivalent amount of property taxes to be levied in the subsequent year. Local option sales tax received during the six months ended June 30, 2020 amounted to \$1,374,241.

The City also receives approximately 5.8% of 1% SPLOST funds to be used as designated and approved after public hearings. The approved expenditures are generally for capital projects in the City. The SPLOST 2017-2022 Fund received \$619,265 during the six months ended June 30, 2020.

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

| | <u>General</u> | <u>SPLOST 2017-2022</u> | <u>Nonmajor Governmental</u> | <u>Water and Sewer</u> | <u>Nonmajor Stormwater</u> | <u>Total</u> |
|----------------------------|-------------------|-----------------------------|----------------------------------|----------------------------|--------------------------------|---------------------|
| Receivables: | | | | | | |
| Taxes | \$ 37,644 | \$ - | \$ - | \$ - | \$ - | \$ 37,644 |
| Accounts | 89,910 | - | - | 477,378 | 18,884 | 586,172 |
| Due from other governments | 464,214 | 291,122 | 19,293 | - | - | 774,629 |
| Gross receivables | 591,768 | 291,122 | 19,293 | 477,378 | 18,884 | 1,398,445 |
| Less: allowance | (6,233) | - | - | (40,142) | (591) | (46,966) |
| Total receivables | <u>\$ 585,535</u> | <u>\$ 291,122</u> | <u>\$ 19,293</u> | <u>\$ 437,236</u> | <u>\$ 18,293</u> | <u>\$ 1,351,479</u> |

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4. CAPITAL ASSETS

Changes in capital assets for governmental activities are as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Transfers</u> | <u>Ending Balance</u> |
|----------------------------------------------|------------------------------|---------------------|------------------|------------------|---------------------------|
| Governmental activities: | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | \$ 2,942,898 | \$ 25,491 | \$ - | \$ - | \$ 2,968,389 |
| Construction in process | 610,832 | 381,027 | - | - | 991,859 |
| Total capital assets, not being depreciated | <u>3,553,730</u> | <u>406,518</u> | <u>-</u> | <u>-</u> | <u>3,960,248</u> |
| Capital assets, being depreciated: | | | | | |
| Infrastructure | 26,661,106 | 1,349,476 | - | - | 28,010,582 |
| Buildings and improvements | 8,030,176 | 39,303 | - | - | 8,069,479 |
| Vehicles and equipment | 5,559,247 | 515,622 | - | - | 6,074,869 |
| Utility systems | 168,270 | - | - | - | 168,270 |
| Total capital assets, being depreciated | <u>40,418,799</u> | <u>1,904,401</u> | <u>-</u> | <u>-</u> | <u>42,323,200</u> |
| Less accumulated depreciation for: | | | | | |
| Infrastructure | (14,074,794) | (620,808) | - | - | (14,695,602) |
| Buildings and improvements | (2,766,406) | (102,351) | - | - | (2,868,757) |
| Vehicles and equipment | (4,063,418) | (258,064) | - | - | (4,321,482) |
| Utility systems | (14,508) | (1,418) | - | - | (15,926) |
| Total accumulated depreciation | <u>(20,919,126)</u> | <u>(982,641)</u> | <u>-</u> | <u>-</u> | <u>(21,901,767)</u> |
| Total capital assets, being depreciated, net | <u>19,499,673</u> | <u>921,760</u> | <u>-</u> | <u>-</u> | <u>20,421,433</u> |
| Governmental activities capital assets, net | <u>\$ 23,053,403</u> | <u>\$ 1,328,278</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 24,381,681</u> |

Depreciation expense for the six months ended June 30, 2020 was charged to functions/programs of the primary government as follows:

| | |
|------------------------------------------------------|-------------------|
| Governmental activities: | |
| General government | \$ 51,749 |
| Public safety | 197,847 |
| Public works | 656,820 |
| Recreation | 76,225 |
| Total depreciation expense - governmental activities | <u>\$ 982,641</u> |

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4. CAPITAL ASSETS (CONTINUED)

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

| | Beginning Balance | Increases | Decreases | Transfers | Ending Balance |
|----------------------------------------------|----------------------|-------------------|-------------|-------------|----------------------|
| Business-type activities: | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | \$ 366,995 | \$ - | \$ - | \$ - | \$ 366,995 |
| Construction in process | 19,372,385 | 533,228 | - | - | 19,905,613 |
| Total capital assets, not being depreciated | <u>19,739,380</u> | <u>533,228</u> | <u>-</u> | <u>-</u> | <u>20,272,608</u> |
| Capital assets, being depreciated: | | | | | |
| Vehicles | 515,413 | 106,599 | - | - | 622,012 |
| Machinery and equipment | 752,680 | 18,491 | - | - | 771,171 |
| Utility systems | 12,571,586 | - | - | - | 12,571,586 |
| Total capital assets, being depreciated | <u>13,839,679</u> | <u>125,090</u> | <u>-</u> | <u>-</u> | <u>13,964,769</u> |
| Less accumulated depreciation for: | | | | | |
| Vehicles | (336,570) | (37,480) | - | - | (374,050) |
| Machinery and equipment | (461,161) | (29,469) | - | - | (490,630) |
| Utility systems | (7,179,142) | (152,015) | - | - | (7,331,157) |
| Total accumulated depreciation | <u>(7,976,873)</u> | <u>(218,964)</u> | <u>-</u> | <u>-</u> | <u>(8,195,837)</u> |
| Total capital assets, being depreciated, net | <u>5,862,806</u> | <u>(93,874)</u> | <u>-</u> | <u>-</u> | <u>5,768,932</u> |
| Business-type activities capital assets, net | <u>\$ 25,602,186</u> | <u>\$ 439,354</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 26,041,540</u> |

NOTE 5. LONG-TERM DEBT

Debt under governmental activities consist of the following for the since months ended June 30, 2020:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|-----------------------------------------------|----------------------|-------------------|---------------------|---------------------|------------------------|
| Governmental activities: | | | | | |
| Compensated absences | \$ 149,060 | \$ 81,197 | \$ (48,517) | \$ 181,740 | \$ 40,437 |
| Net pension liability | 717,766 | 618,020 | (267,088) | 1,068,698 | - |
| Governmental activities Long-term liabilities | <u>\$ 866,826</u> | <u>\$ 699,217</u> | <u>\$ (315,605)</u> | <u>\$ 1,250,438</u> | <u>\$ 40,437</u> |

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. LONG-TERM DEBT (CONTINUED)

Debt under business-type activities consists of the following for the six months ended June 30, 2020:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
|----------------------------------|------------------------------|-------------------|---------------------|---------------------------|--------------------------------|
| Business-type activities: | | | | | |
| GEFA note | \$ 975,786 | \$ - | \$ (35,498) | \$ 940,288 | \$ 36,388 |
| GEFA note - forgiven portion | 600,000 | - | (25,000) | 575,000 | 25,000 |
| GEFA note - Euchee Creek | 418,796 | - | (21,617) | 397,179 | 21,828 |
| GEFA note - WWTP | 18,645,417 | 127,090 | - | 18,772,507 | - |
| Compensated absences | 20,627 | 12,577 | (4,724) | 28,480 | 5,372 |
| Net pension liability | 137,445 | 116,261 | (52,664) | 201,042 | - |
| Business-type activities | | | | | |
| Long-term liabilities | <u>\$ 20,798,071</u> | <u>\$ 255,928</u> | <u>\$ (139,503)</u> | <u>\$ 20,914,496</u> | <u>\$ 88,588</u> |

A summary of notes payable as of June 30, 2020 follows:

In 2009, the City signed a \$2,500,000 note payable contract along with \$1,000,000 principal forgiveness as part of the American Reinvestment Recovery Act. This funding is to help finance the water system improvements. Payments of \$8,319 are made monthly on the \$1,500,000 unforgiven portion with interest. The interest rate is 3.00% per annum and interest expense during the six months ended June 30, 2020 was \$11,976.

Principal and interest payments are as follows:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------------------------|-------------------|-------------------|---------------------|
| Year ending June 30, | | | |
| 2021 | \$ 36,034 | \$ 13,880 | \$ 49,914 |
| 2022 | 73,708 | 26,120 | 99,828 |
| 2023 | 75,950 | 23,878 | 99,828 |
| 2024 | 78,259 | 21,569 | 99,828 |
| 2025 | 80,640 | 19,187 | 99,827 |
| 2026 – 2030 | 441,519 | 57,619 | 499,138 |
| 2031 | 154,178 | 3,883 | 158,061 |
| Total | <u>\$ 940,288</u> | <u>\$ 166,136</u> | <u>\$ 1,106,424</u> |

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. LONG-TERM DEBT (CONTINUED)

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

| Year ending June 30, | <u>Principal</u> |
|----------------------|-------------------|
| 2021 | \$ 25,000 |
| 2022 | 50,000 |
| 2023 | 50,000 |
| 2024 | 50,000 |
| 2025 | 50,000 |
| 2026 – 2030 | 250,000 |
| 2031 | 100,000 |
| Total | <u>\$ 575,000</u> |

On December 16, 2016, the City signed a loan agreement with the Georgia Environmental Finance Authority (“GEFA”). The agreement allows funding not to exceed \$468,000. The loan became fully disbursed in March of 2018 with payments beginning December 2018. The interest rate is 1.94% per annum. Principal payments totaled \$21,617 and interest expense totaled \$3,298 during the six months ended June 30, 2020.

Principal and interest payments are as follows:

| Year ending June 30, | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------|-------------------|------------------|-------------------|
| 2021 | \$ 21,828 | \$ 3,764 | \$ 25,592 |
| 2022 | 44,296 | 6,889 | 51,185 |
| 2023 | 45,163 | 6,022 | 51,185 |
| 2024 | 46,046 | 5,138 | 51,184 |
| 2025 | 46,948 | 4,237 | 51,185 |
| 2026 – 2028 | 192,898 | 7,577 | 200,475 |
| Total | <u>\$ 397,179</u> | <u>\$ 33,627</u> | <u>\$ 430,806</u> |

In 2017, the City signed a \$23,224,100 note payable contract. This funding is to help construct a new waste water treatment plant. The interest rate is 2.72% per annum on outstanding principal balance. Interest expense during the six months ended June 30, 2020 was \$210,770. Principal payments are to begin upon completion of the water treatment plant. The outstanding principal balance at June 30, 2020 was \$18,772,507.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6. INTERFUND RECEIVABLES/TRANSFERS

Interfund receivable and payable balances as of June 30, 2020, are as follows:

| Receivable Fund | Payable Fund | Total |
|----------------------------|----------------------------|--------------|
| General Fund | Water and Sewer Fund | \$ 138,797 |
| General Fund | Nonmajor Enterprise Fund | 24,121 |
| Nonmajor Governmental Fund | Nonmajor Governmental Fund | 27,711 |
| Water and Sewer Fund | Nonmajor Enterprise Fund | 327,041 |
| Total | Total | \$ 517,670 |

Interfund receivables and payables result from timing differences related to charges for services or reimbursable expenses. The City expects to repay these interfund balances within one year.

NOTE 7. RISK MANAGEMENT

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

Risk Pool – The City is exposed to various risks of losses related to torts, thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency (“GIRMA”) for property and liability insurance and the Worker’s Compensation Self-Insurance Fund (“WCSIF”), public entity risk pools currently operating as common risk management and insurance programs for member local governments. The Georgia Municipal Association (“GMA”) administers both risk pools.

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7. RISK MANAGEMENT (CONTINUED)

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

As of June 30, 2020, there were no significant reductions in insurance coverage from the prior year, and there have been no settlements that exceed the City's insurance coverage.

NOTE 8. PENSION PLAN

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

Plan membership – As of July 1, 2020, pension plan membership consisted of the following:

| | |
|---------------------------------------------------------------------|------------|
| Inactive plan members or beneficiaries currently receiving benefits | 26 |
| Inactive plan members entitled to but not receiving benefits | 19 |
| Active plan members | 116 |
| Total | <u>161</u> |

Contributions – City employees are not required to contribute to the Plan. The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The City funds the required minimum contributions. The Board of Trustees of GMEBS has adopted a recommended actuarial funding policy for the Plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the Plan. The funding policy for the Plan is to contribute an amount equal to or greater than the actuarially-recommended contribution rate. This rate is based on the estimated amount necessary to finance the costs of benefits earned by the Plan members during the year, with an additional amount to finance any unfunded accrued liability. For the six months ended June 30, 2020, the City's contribution rate was 4.40% of annual payroll. City contributions to the Plan were \$187,981 for the six months ended June 30, 2020.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. PENSION PLAN (CONTINUED)

Net pension liability – The City's net pension liability was measured as of March 31, 2020, which would make it applicable to the fiscal year beginning January 1, 2020 and ending June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020.

Actuarial assumptions – The mortality and economic actuarial assumptions used in the July 1, 2020 valuation were approved GMEBS Board of Trustees in December 2019 based on the results of an actuarial experience study for the period January 1, 2015 through June 30, 2019. The total pension liability in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|-------------------------------|--------|
| Net investment rate of return | 7.375% |
| Projected salary increases | 2.25% |
| Cost of living adjustment | 0.00% |

Mortality rates for the valuation period were based on the RP-2000 Mortality Tables with gender-distinct rates, set forward two years for males and one year for females. The RP-2000 mortality tables were determined to contain sufficient provision appropriate to reasonably reflect future mortality improvement, based on a four-year review of mortality experience for the period January 1, 2015 to June 30, 2019. Mortality experience will be reviewed periodically and updated if necessary.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by target asset allocation percentage and by adding expected inflation. Best estimates are arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of July 1, 2020 are summarized in the following table:

| Asset Class | Target allocation | Long-term expected real rate of return* |
|--------------------------------------|-------------------|-----------------------------------------|
| Domestic equity | 45% | 6.41% |
| International equity | 20% | 6.96% |
| Real estate | 20% | 1.96% |
| Global fixed income | 10% | 4.76% |
| Cash | 5% | 3.06% |
| Total or weighted arithmetic average | 100% | |

* Rates shown are net of the 2.25% assumed rate of inflation.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. PENSION PLAN (CONTINUED)

Discount rate – The discount rate used to measure the total pension liability was 7.375%. The projection of cash flows used to actuarially determine contribution rates assumed that City contributions will be made at rates equal to the actuarial determined rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all the projected benefit payments to determine the total pension liability.

The following presents the net pension liability of the City, calculated using the discount rate of 7.375%, 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 (6.375%) or 1-percentage-point higher (8.375%) than the current year.

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

| | 1% Decrease (6.375%) | Current Discount Rate (7.375%) | 1% Increase (8.375%) |
|------------------------------|---------------------------------|-----------------------------------------------|---------------------------------|
| City's net pension liability | \$ 1,893,702 | \$ 1,269,740 | \$ 755,006 |

Changes in net pension liability – The changes in the components of the net pension liability for the City for the six months ended June 30, 2020 were as follows:

| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a) - (b) |
|------------------------------------------------------------------|--------------------------------------------|------------------------------------------------|------------------------------------------------|
| Beginning Balance | \$ 4,296,341 | \$ 3,441,130 | \$ 855,211 |
| Changes for the year: | | | |
| Service cost | 141,039 | - | 141,039 |
| Interest | 328,123 | - | 328,123 |
| Differences between expected and actual experience | (53,859) | - | (53,859) |
| Contributions – employer | - | 187,981 | (187,981) |
| Net investment income | - | (247,741) | 247,741 |
| Benefit payments, including refunds of employee contributions | (124,813) | (124,813) | - |
| Administrative expense | - | (17,378) | 17,378 |
| Other | (77,912) | - | (77,912) |
| Net changes | 212,578 | (201,951) | 414,529 |
| Ending Balance | \$ 4,508,919 | \$ 3,239,179 | \$ 1,269,740 |

The Plan's fiduciary net position as a percentage of the total pension liability 71.84%

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. PENSION PLAN (CONTINUED)

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

Pension expense and deferred outflows/inflows of resources related to pensions - For the six months ended June 30, 2020, the City recognized pension expense of \$357,472. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|-------------------------------------------------------------------------------------|-----------------------------------------------|----------------------------------------------|
| Differences between expected and actual experience | \$ 254,087 | \$ 142,525 |
| Changes in assumptions | 32,004 | 74,808 |
| Net difference between projected and actual earnings on pension plan investments | 404,653 | - |
| City contributions subsequent to the measurement date | 55,349 | - |
| Total | \$ 746,093 | \$ 217,333 |

City contributions subsequent to the measurement date of \$55,349, are reported as deferred outflows of resources and will be recognized as a reduction to the net pension liability for the six months ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

| Year ending June 30, | | | |
|-----------------------------|-----------|----------------|--|
| 2021 | \$ | 87,587 | |
| 2022 | | 112,159 | |
| 2023 | | 142,269 | |
| 2024 | | 109,437 | |
| 2025 | | 21,959 | |
| Total | \$ | 473,411 | |

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9. BUDGET COMPLIANCE

Excess of Expenditures Over Appropriations

The following General Fund departments and special revenue funds had actual expenditures in excess of appropriations for the six months ended June 30, 2020:

| <u>Department</u> | <u>Excess</u> |
|-------------------|---------------|
| Administration | \$ 136,152 |

These over expenditures were funded by greater than anticipated revenues.

NOTE 10. JOINT VENTURE

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

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

NOTE 11. COMMITMENTS

Significant commitments at June 30, 2020 are composed of the following:

| | <u>Project Authorization</u> | <u>Expended through June 30, 2020</u> | <u>Commitment</u> |
|-----------------------------|------------------------------|-------------------------------------------|-------------------|
| Waste Water Treatment Plant | \$ 24,537,100 | \$ 18,991,871 | \$ 5,545,229 |

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 12. CONTINGENCIES

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

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF GROVETOWN, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS FOR THE YEARS ENDED JUNE 30,

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|-----------------------------------------------------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Total pension liability | | | | | | |
| Service cost | \$ 141,039 | \$ 122,206 | \$ 134,248 | \$ 102,435 | \$ 104,989 | \$ 97,394 |
| Interest on total pension liability | 328,123 | 282,044 | 267,376 | 243,896 | 223,160 | 209,994 |
| Differences between expected and actual experience | (53,859) | 315,703 | (154,227) | 52,211 | 21,736 | (38,044) |
| Changes of assumptions | - | - | 56,005 | - | - | - |
| Benefit payments, including refunds of employee contributions | (124,813) | (123,992) | (106,069) | (85,090) | (79,540) | (87,480) |
| Other | (77,912) | - | - | - | - | (15,955) |
| Net change in total pension liability | 212,578 | 595,961 | 197,333 | 313,452 | 270,345 | 165,909 |
| Total pension liability - beginning | 4,296,341 | 3,700,380 | 3,503,047 | 3,189,595 | 2,919,250 | 2,753,341 |
| Total pension liability - ending (a) | 4,508,919 | 4,296,341 | 3,700,380 | 3,503,047 | 3,189,595 | 2,919,250 |
| Plan fiduciary net position | | | | | | |
| Contributions - employer | 187,981 | 185,769 | 165,999 | 159,439 | 176,599 | 132,112 |
| Net investment income | (247,741) | 120,479 | 356,789 | 318,644 | 9,111 | 210,926 |
| Benefit payments, including refunds of employee contributions | (124,813) | (123,992) | (106,069) | (85,090) | (79,540) | (87,480) |
| Administrative expenses | (17,378) | (16,381) | (15,627) | (15,797) | (11,170) | (10,094) |
| Net change in plan fiduciary net position | (201,951) | 165,875 | 401,092 | 377,196 | 95,000 | 245,464 |
| Plan fiduciary net position - beginning | 3,441,130 | 3,275,255 | 2,874,163 | 2,496,967 | 2,401,967 | 2,156,503 |
| Plan fiduciary net position - ending (b) | 3,239,179 | 3,441,130 | 3,275,255 | 2,874,163 | 2,496,967 | 2,401,967 |
| City's net pension liability - ending (a)-(b) | \$ 1,269,740 | \$ 855,211 | \$ 425,125 | \$ 628,884 | \$ 692,628 | \$ 517,283 |
| Plan fiduciary net position as a percentage of the total pension liability | 71.84% | 80.1% | 88.5% | 82.0% | 78.3% | 82.3% |
| Covered payroll | \$ 4,246,200 | \$ 4,185,490 | \$ 3,611,731 | \$ 3,627,002 | \$ 3,121,305 | \$ 2,930,135 |
| City's net pension liability as a percentage of covered payroll | 29.90% | 20.4% | 11.8% | 17.3% | 22.2% | 17.7% |

Notes to the Schedule:

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

CITY OF GROVETOWN, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CONTRIBUTIONS FOR THE YEARS ENDED JUNE 30,

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|----------------------------------------------------------------------|------------------|------------------|------------------|------------------|------------------|--------------------|
| Actuarially determined contribution | \$ 209,901 | \$ 221,396 | \$ 188,745 | \$ 158,417 | \$ 159,780 | \$ 163,985 |
| Contributions in relation to the actuarially determined contribution | <u>187,981</u> | <u>185,769</u> | <u>165,999</u> | <u>145,329</u> | <u>146,465</u> | <u>187,270</u> |
| Contribution deficiency (excess) | <u>\$ 21,920</u> | <u>\$ 35,627</u> | <u>\$ 22,746</u> | <u>\$ 13,088</u> | <u>\$ 13,315</u> | <u>\$ (23,285)</u> |
| Covered payroll | \$ 4,601,342 | \$ 4,463,362 | \$ 3,611,731 | \$ 3,627,002 | \$ 3,121,305 | \$ 2,930,135 |
| Contributions as a percentage of covered payroll | 4.1% | 4.2% | 4.6% | 4.0% | 4.7% | 6.4% |

Notes to the Schedule:

| | |
|----------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Valuation date | July 1, 2020 |
| Cost method | Projected unit credit |
| Actuarial asset valuation method | Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value. |

| | |
|---------------------------------------|------------------------------------------------------|
| Assumed rate of return on investments | 7.375% |
| Projected salary increases | 2.25% |
| Cost-of-living adjustment | 0.00% |
| Amortization method | Closed level dollar for remaining unfunded liability |
| Remaining amortization period | 10 years |

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

**COMBINING STATEMENTS
AND SCHEDULES**

CITY OF GROVETOWN, GEORGIA

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

The **Police Seizure Fund** accounts for monies collected under Georgia Law by the Grovetown law enforcement officers. Such monies are restricted to defray the cost of complex investigations and to purchase equipment relating to said investigations.

The **Transportation SPLOST Fund** accounts for the acquisition of property and construction of projects designated to be funded by the special sales tax created with the Transportation Investment Act of 2010.

CAPITAL PROJECTS FUND

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

The **SPLOST 2011-2016 Fund** accounts for capital projects of the City from resources provided by the 2011-2016 one percent special purpose local option sales tax.

CITY OF GROVETOWN, GEORGIA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020**

| | Special Revenue Funds | | Capital Projects Fund | Totals |
|--------------------------------------|-----------------------|----------------------------|-----------------------|-------------------|
| | Police Seizure Fund | Transportation SPLOST Fund | SPLOST 2011-2016 Fund | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 8,534 | \$ 402,016 | \$ 27,711 | \$ 438,261 |
| Due from other governments | - | 19,293 | - | 19,293 |
| Due from other funds | - | 27,711 | - | 27,711 |
| Total assets | <u>\$ 8,534</u> | <u>\$ 449,020</u> | <u>\$ 27,711</u> | <u>\$ 485,265</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| LIABILITIES | | | | |
| Accounts payable | \$ - | \$ 9,150 | \$ - | \$ 9,150 |
| Due to other funds | - | - | 27,711 | 27,711 |
| Total liabilities | <u>-</u> | <u>9,150</u> | <u>27,711</u> | <u>36,861</u> |
| FUND BALANCES | | | | |
| Restricted for: | | | | |
| Public safety | 8,534 | - | - | 8,534 |
| Other capital projects | - | 439,870 | - | 439,870 |
| Total fund balances | <u>8,534</u> | <u>439,870</u> | <u>-</u> | <u>448,404</u> |
| Total liabilities and fund balances | <u>\$ 8,534</u> | <u>\$ 449,020</u> | <u>\$ 27,711</u> | <u>\$ 485,265</u> |

CITY OF GROVETOWN, GEORGIA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE SIX MONTHS ENDED JUNE 30, 2020**

| | Special Revenue Funds | | Capital Projects Fund | Totals |
|----------------------------------|-----------------------|----------------------------|-----------------------|-------------------|
| | Police Seizure Fund | Transportation SPLOST Fund | SPLOST 2011-2016 Fund | |
| Revenues | | | | |
| Intergovernmental | \$ 61 | \$ 105,414 | \$ - | \$ 105,475 |
| Interest revenue | 21 | 1,472 | 68 | 1,561 |
| Total revenues | <u>82</u> | <u>106,886</u> | <u>68</u> | <u>107,036</u> |
| Expenditures | | | | |
| Public safety | 67 | - | - | 67 |
| Capital outlay | - | 329,312 | 27,711 | 357,023 |
| Total expenditures | <u>67</u> | <u>329,312</u> | <u>27,711</u> | <u>357,090</u> |
| Net change in fund balance | <u>15</u> | <u>(222,426)</u> | <u>(27,643)</u> | <u>(250,054)</u> |
| Fund balances, beginning of year | <u>8,519</u> | <u>662,296</u> | <u>27,643</u> | <u>698,458</u> |
| Fund balances, end of year | <u>\$ 8,534</u> | <u>\$ 439,870</u> | <u>\$ -</u> | <u>\$ 448,404</u> |

CITY OF GROVETOWN, GEORGIA

**SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE
LOCAL OPTION SALES TAX PROCEEDS – 2011-2016 ISSUE
FOR THE SIX MONTHS ENDED JUNE 30, 2020**

| Project | Original Estimated Cost | Prior Years | Current Year | Total |
|---------------------------------------|----------------------------------------|------------------------|-------------------------|---------------------|
| Tier 1 | | | | |
| Public works: | | | | |
| Vehicles and equipment | \$ 1,000,000 | \$ 1,025,134 | \$ - | \$ 1,025,134 |
| Public safety: | | | | |
| Vehicles, fire stations and equipment | 1,762,466 | 2,231,309 | - | 2,231,309 |
| City facilities: | | | | |
| Renovations/expansions | 1,600,000 | 2,274,658 | - | 2,274,658 |
| Security systems | 100,000 | 4,039 | - | 4,039 |
| Water and sewer: | | | | |
| Water and sewer improvements | 2,000,000 | 1,470,298 | - | 1,470,298 |
| Equipment | 200,000 | - | - | - |
| Computers - all departments | 50,000 | 63,427 | - | 63,427 |
| Transportation | 400,000 | 441,939 | 27,711 | 469,650 |
| Recreation: | | | | |
| Park improvements | 1,200,000 | 785,281 | - | 785,281 |
| Total Tier 1 | 8,312,466 | 8,296,085 | 27,711 | 8,323,796 |
| Tier 2 | | | | |
| Public works: | | | | |
| Equipment | 300,000 | - | - | - |
| Public safety: | | | | |
| Vehicles | 725,000 | 19,575 | - | 19,575 |
| City facilities: | | | | |
| Renovations/expansions | 800,000 | 42,161 | - | 42,161 |
| Water and sewer: | | | | |
| Water and sewer improvements | 400,000 | - | - | - |
| Recreation: | | | | |
| Park improvements | 419,422 | - | - | - |
| Walking trail improvements | 200,000 | 133,752 | - | 133,752 |
| Total Tier 2 | 2,844,422 | 195,488 | - | 195,488 |
| Tier 3 | | | | |
| Museum/media center/land | 1,831,340 | - | - | - |
| Total Tier 3 | 1,831,340 | - | - | - |
| Totals | \$ 12,988,228 | \$ 8,491,573 | \$ 27,711 | \$ 8,519,284 |

CITY OF GROVETOWN, GEORGIA

**SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE
LOCAL OPTION SALES TAX PROCEEDS – 2017-2022 ISSUE
FOR THE SIX MONTHS ENDED JUNE 30, 2020**

| Project | Original Estimated Cost | Prior Years | Current Year | Total |
|----------------------------------------|----------------------------------------|------------------------|-------------------------|------------------|
| Tier 1 | | | | |
| Public works: | | | | |
| Vehicles and equipment | \$ 1,200,000 | \$ 734,968 | \$ 250,665 | \$ 985,633 |
| Public safety: | | | | |
| Vehicles, fire engine and turnout gear | 1,100,000 | 779,355 | 111,728 | 891,083 |
| City facilities: | | | | |
| Renovations/expansions | 610,104 | - | - | - |
| Water and sewer: | | | | |
| Water and sewer improvements | 1,000,000 | - | - | - |
| Communication/computers | 400,000 | 76,249 | 7,958 | 84,207 |
| Transportation | 1,000,000 | 878 | - | 878 |
| Recreation | 1,000,000 | 134,017 | - | 134,017 |
| Total Tier 1 | <u>6,310,104</u> | <u>1,725,467</u> | <u>370,351</u> | <u>2,095,818</u> |
| Tier 2 | | | | |
| Public works: | | | | |
| Vehicles | 250,000 | - | - | - |
| Public safety: | | | | |
| Vehicles | 200,000 | - | - | - |
| City facilities: | | | | |
| Renovations/expansions | 200,000 | - | - | - |
| Water and sewer: | | | | |
| Water and sewer improvements | 300,000 | - | - | - |
| Computers | 50,000 | - | - | - |
| Stormwater: | | | | |
| Equipment | 51,684 | - | - | - |
| Total Tier 2 | <u>1,051,684</u> | <u>-</u> | <u>-</u> | <u>-</u> |

(Continued)

CITY OF GROVETOWN, GEORGIA

**SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE
LOCAL OPTION SALES TAX PROCEEDS – 2017-2022 ISSUE
FOR THE SIX MONTHS ENDED JUNE 30, 2020**

| Project | Original Estimated Cost | Prior Years | Current Year | Total |
|--------------------------------|----------------------------------------|------------------------|-------------------------|---------------------|
| Tier 3 | | | | |
| Public works: | | | | |
| Vehicles | \$ 350,000 | \$ - | \$ - | \$ - |
| Public safety: | | | | |
| Vehicles | 550,000 | - | - | - |
| City facilities: | | | | |
| Renovations/expansions | 501,684 | - | - | - |
| Computers/file server/software | 100,000 | - | - | - |
| Total Tier 3 | <u>1,501,684</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Totals | <u>\$ 8,863,472</u> | <u>\$ 1,725,467</u> | <u>\$ 370,351</u> | <u>\$ 2,095,818</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 Honorable Mayor and
Members of the City Council
City of Grovetown, Georgia
Grovetown, Georgia**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Grovetown, Georgia (the "City") as of and for the six months ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 30, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing 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's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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


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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in black ink that reads "Mauldin & Jenkins, LLC". The signature is written in a cursive, flowing style.

Macon, Georgia
March 30, 2021

CITY OF GROVETOWN, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE SIX MONTHS ENDED JUNE 30, 2020

SECTION I SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued

Unmodified

Internal control over financial reporting:

Material weaknesses identified?

Yes No

Significant deficiencies identified not considered to be material weaknesses?

Yes None Reported

Noncompliance material to financial statements noted?

Yes No

Federal Awards

There was not an audit of major federal programs as of June 30, 2020 due to the total amount expended being less than \$750,000.

CITY OF GROVETOWN, GEORGIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE SIX MONTHS ENDED JUNE 30, 2020**

**SECTION I
FINANCIAL STATEMENT FINDINGS AND RESPONSES**

None reported.

CITY OF GROVETOWN, GEORGIA

**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE SIX MONTHS ENDED JUNE 30, 2020**

None reported.