

Town of Greenwood, Florida

Financial Statements

September 30, 2018



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Town of Greenwood, Florida
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September 30, 2018

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REPORT





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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Town Council
Town of Greenwood
Greenwood, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Greenwood, Florida as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' 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.

Honorable Mayor and Town Council
Town of Greenwood
Greenwood, Florida
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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, and each major fund of the Town of Greenwood, Florida as of September 30, 2018, 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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3.1 through 3.4 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 28, 2019, on our consideration of the Town of Greenwood, Florida's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Greenwood, Florida's internal control over financial reporting and compliance.

Carri Riggs & Ingram, L.L.C.

August 28, 2019



**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

Town of Greenwood, Florida
Management's Discussion and Analysis
Year ended September 30, 2018

The Town of Greenwood's (the "Town") discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Town's financial activity, (c) identify changes in the Town's financial position (its ability to address the next and subsequent year challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the Town's financial statement.

Financial Highlights

The assets of the Town of Greenwood exceeded its liabilities at September 30, 2018 by \$2,003,715 (net assets). Of this amount, \$309,383 (unrestricted net assets) may be used to meet the Town's ongoing obligations to citizens and creditors.

As of September 30, 2018 the Town of Greenwood's governmental fund reported an ending fund balance of \$210,875 which includes unassigned balances of \$171,886 and committed balances of \$39,989.

During the current year, the Town spent grant funds totaling \$266,716 from CDBG grant proceeds.

Town Highlights

- The Millage rate remains at 1.00 mill. The Town has never increased the Millage rate.
- The Town accepted a \$600,000 CDBG grant through the Florida Department of Economic Opportunity for upgrades to water lines and installation of meter reading equipment. The project was in process at year end.
- The Town accepted a \$761,325 grant/loan award from the United States Department of Agriculture to install a new water well. The project amount was increased subsequent to year end and is expected to begin in late 2019.

Using This Annual Report

The financial statement's focus is on both the Town as a whole (government-wide) and on the major individual funds. Both perspectives (government-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year to year or government to government) and enhance the Town's accountability.

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide financial statements:

Government-wide financial statements provide both long-term and short-term information about the Town's overall financial condition. Changes in the Town's financial position may be measured over time by increases and decreases in the Statement of Net Position. Information on how the Town's net assets changed during the fiscal year is presented in the Statement of Activities.

Fund financial statements:

Fund financial statements focus on individual parts of the Town, reporting the Town's operations in more detail than the government-wide financial statements. Fund financial statements include the statements for governmental and proprietary funds.

Notes to the financial statements:

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. Refer to Note 2 of the financial statements for more detailed information on the elements of the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets exceeded liabilities by approximately \$2 million at the close of the fiscal year ended September 30, 2018.

CONDENSED STATEMENT OF NET POSITION

as of September 30,	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 220,494	\$ 230,322	\$ 218,792	\$ 82,183	\$ 439,286	\$ 312,505
Non-current assets	405,327	440,188	1,289,005	1,104,490	1,694,332	1,544,678
Total assets	625,821	670,510	1,507,797	1,186,673	2,133,618	1,857,183
Current and other liabilities	12,597	10,206	117,306	3,644	129,903	13,850
Total liabilities	12,597	10,206	117,306	3,644	129,903	13,850
Invested in capital assets, net of related debt	405,327	440,188	1,289,005	1,104,490	1,694,332	1,544,678
Unrestricted	207,897	220,116	101,486	78,639	309,383	298,755
Total net position	\$ 613,224	\$ 660,304	\$ 1,390,491	\$ 1,183,129	\$ 2,003,715	\$ 1,843,433

Statement of Activities:

The following table reflects the condensed Statement of Activities for the current year:

Years ended September 30,	Governmental		Business-type		Totals	
	Activities		Activities			
	2018	2017	2018	2017	2018	2017
Revenues						
Program revenues						
Charges for services	\$ 28,012	\$ 27,527	\$ 137,027	\$ 139,332	\$ 165,039	\$ 166,859
Operating grants and contributions	-	-	-	30,000	-	30,000
Capital grants and contributions	-	-	266,716	-	266,716	-
Property taxes	13,516	13,010	-	-	13,516	13,010
Franchise taxes	213,059	209,032	-	-	213,059	209,032
Interest and investment earnings	934	421	330	58	1,264	479
Miscellaneous	10,431	6,605	-	125	10,431	6,730
Transfers	-	(37,500)	-	37,500	-	-
Total revenues	265,952	219,095	404,073	207,015	670,025	426,110
Expenses						
Program activities						
General government	177,491	95,159	-	-	177,491	95,159
Highways and streets	105,792	101,960	-	-	105,792	101,960
Culture and recreation	29,749	28,710	-	-	29,749	28,710
Business-type activities	-	-	196,711	247,477	196,711	247,477
Total expenses	313,032	225,829	196,711	247,477	509,743	473,306
Change in net assets	(47,080)	(6,734)	207,362	(40,462)	160,282	(47,196)
Net assets – beginning	660,304	667,038	1,183,129	1,223,591	1,843,433	1,890,629
Net assets – ending	\$ 613,224	\$ 660,304	\$ 1,390,491	\$ 1,183,129	\$ 2,003,715	\$ 1,843,433

Financial Analysis of the Town's Funds

This section provides an analysis of the balances and transactions of individual funds. As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

General Fund Budgetary Highlights

There were no differences between the original and final budget of the Town.

Capital Assets and Long Term Debt

There was no significant activity during the current year related to capital assets or long term debt. Detailed information about the Town's capital assets and long-term debt can be obtained in Notes 6 and 7 of the Town's notes to the financial statements.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all of those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Town of Greenwood, P. O. Drawer 9, Greenwood, Florida 32443.



BASIC FINANCIAL STATEMENTS

Town of Greenwood, Florida
Statement of Net Position

September 30, 2018

Primary Government			
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 122,713	\$ 107,547	\$ 230,260
Certificates of deposit	50,233	14,869	65,102
Accounts receivable	6,450	8,087	14,537
Grants receivable	-	88,144	88,144
Due from other governments	21,541	-	21,541
Due from business-type activities	19,268	-	19,268
Prepays	289	145	434
Capital assets			
Nondepreciable	160,961	271,190	432,151
Depreciable, net	244,366	1,017,815	1,262,181
Total assets	625,821	1,507,797	2,133,618
Liabilities			
Accounts payable and accrued expenses	9,619	86,418	96,037
Due to governmental activities	-	19,268	19,268
Retainage payable	-	11,620	11,620
Accrued compensated absences	2,978	-	2,978
Total liabilities	12,597	117,306	129,903
Net position			
Net investment in capital assets	405,327	1,289,005	1,694,332
Unrestricted	207,897	101,486	309,383
Total net position	\$ 613,224	\$ 1,390,491	\$ 2,003,715

See accompanying notes to financial statements

Town of Greenwood, Florida

Statement of Activities

For the year ended September 30, 2018

FUNCTIONS/PROGRAMS	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION				
	CHARGES FOR SERVICES		NET POSITION		
	EXPENSES		PRIMARY GOVERNMENT		BUSINESS-TYPE ACTIVITIES
	EXPENSES	Program Revenues		GOVERNMENTAL ACTIVITIES	TOTAL
		OPERATING GRANTS & CONTRIBUTIONS	CAPITAL GRANTS & CONTRIBUTIONS		
Primary government					
Governmental activities:					
General government	\$ 177,491	\$ 2,254	\$ -	\$ (175,237)	\$ (175,237)
Highways and streets	105,792	27,093	-	(78,699)	(78,699)
Culture and recreation	29,749	-	-	(29,749)	(29,749)
Total governmental activities	313,032	29,347	-	(283,685)	(283,685)
Business-type activities:					
Utility	196,711	137,027	266,716	207,032	207,032
Total primary government	\$ 509,743	\$ 166,374	\$ 266,716	\$ 207,032	\$ (76,653)
General revenues					
Taxes:					
Property taxes, levied for general purposes				13,516	-
Franchise taxes, public service taxes and shared revenues				213,059	-
Fines and forfeitures				5,500	-
Interest and investment earnings				934	330
Miscellaneous				3,596	-
Total general revenues				236,605	330
Change in net position				(47,080)	207,362
Net position - beginning				660,304	1,183,129
Net position - ending				\$ 613,224	\$ 1,390,491
					\$ 2,003,715

See accompanying notes to financial statements

Town of Greenwood, Florida
Balance Sheet
Governmental Funds

September 30, 2018

	General
Assets	
Cash and cash equivalents	\$ 122,713
Certificate of deposit	50,233
Accounts receivable	6,450
Due from other governments	21,541
Due from enterprise fund	19,268
Prepaid expense	289
Total assets	\$ 220,494
Liabilities and fund balances	
Liabilities	
Accounts payable	\$ 9,619
Total liabilities	9,619
Fund balances	
Committed	38,989
Unassigned	171,886
Total fund balances	210,875
Total liabilities and fund balances	\$ 220,494
Total fund balance for Governmental Funds	\$ 210,875
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.	405,327
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.	(2,978)
Net position of governmental activities	\$ 613,224

See accompanying notes to financial statements

Town of Greenwood, Florida
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds

For the year ended September 30, 2018

	General
<hr/>	
Revenues	
Property taxes, levied for general purposes	\$ 13,516
Franchise taxes, public service taxes and shared revenues	213,059
Charges for services	28,012
Licenses and permits	1,335
Fines and forfeitures	5,500
Interest and investment earnings	934
Miscellaneous	3,596
<hr/>	
Total revenues	265,952
<hr/>	
Expenditures	
Current	
General government	168,183
Highways and streets	86,431
Parks and recreation	22,098
<hr/>	
Total expenditures	276,712
<hr/>	
Net change in fund balance	(10,760)
<hr/>	
Fund balance - beginning	221,635
<hr/>	
Fund balance - ending	\$ 210,875
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See accompanying notes to financial statements

Town of Greenwood, Florida

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balance of Governmental Funds to the Statement of Activities**

For the year ended September 30, 2018

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

Net change in fund balance - total governmental funds	\$ (10,760)
Depreciation expense on governmental capital assets included in the governmental activities in the statement of activities.	(34,861)
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. These expenses include:	
Compensated absences	(1,459)
Change in net position of governmental activities	\$ (47,080)

See accompanying notes to financial statements

Town of Greenwood, Florida
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual – General Fund

For the year ended September 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property taxes, levied for general purposes	\$ 12,850	\$ 12,850	\$ 13,516	\$ 666
Franchise taxes, public service taxes and shared revenues	202,000	202,000	213,059	11,059
Charges for services	31,093	31,093	28,012	(3,081)
Licenses and permits	-	-	1,335	1,335
Fines and forfeitures	-	-	5,500	5,500
Interest and Investment earnings	1,400	1,400	934	(466)
Miscellaneous	-	-	3,596	3,596
Total revenues	247,343	247,343	265,952	18,609
Expenditures				
Current operating:				
General government	109,600	109,600	168,183	(58,583)
Highways and streets	79,000	79,000	86,431	(7,431)
Parks and recreation	66,243	66,243	22,098	44,145
Capital outlay	18,500	18,500	-	18,500
Total expenditures	273,343	273,343	276,712	(3,369)
Excess (deficiency) of revenues over (under) expenditures	(26,000)	(26,000)	(10,760)	15,240
Other financing sources (uses)				
Transfer out	-	-	-	-
Net other financing sources (uses)	-	-	-	-
Net change in fund balance	(26,000)	(26,000)	(10,760)	15,240
Fund balance - beginning	221,635	221,635	221,635	-
Fund balance - ending	\$ 195,635	\$ 195,635	\$ 210,875	\$ 15,240

See accompanying notes to financial statements

Town of Greenwood, Florida
Statement of Net Position
Proprietary Fund

September 30, 2018

Business-type Activities / Enterprise Funds	
Utility	
Assets	
Current assets	
Cash and cash equivalents	\$ 107,547
Certificates of deposit	14,869
Accounts receivable	8,087
Grants receivable	88,144
Prepays	145
Total current assets	218,792
Noncurrent assets	
Capital assets	
Land	25,250
Buildings	12,924
Waterworks system	2,110,169
Machinery and equipment	24,156
Construction in progress	245,940
Less allowance for depreciation	(1,129,434)
Total noncurrent assets	1,289,005
Total assets	1,507,797
Liabilities	
Current liabilities	
Accounts payable	86,418
Due to governmental activities	19,268
Retainage payable	11,620
Total liabilities	117,306
Net position	
Invested in capital assets	1,289,005
Unreserved	101,486
Total net position	\$ 1,390,491

See accompanying notes to financial statements

Town of Greenwood, Florida
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund

For the year ended September 30, 2018

	Utility
Business-type Activities / Enterprise Funds	
Operating revenues	
Charges for services	\$ 137,027
Total operating revenues	137,027
Operating expenses	
Personal services	43,110
Contractual services	31,126
Repairs and maintenance	6,906
Professional services	11,041
Other operating expense	23,155
Grant expenses	19,948
Depreciation	61,425
Total operating expenses	196,711
Net operating loss	(59,684)
Nonoperating revenues (expenses)	
Interest income	330
Total nonoperating revenues	330
Change in net position before capital contributions	(59,354)
Capital contributions	266,716
Change in net position	207,362
Total net position - beginning	1,183,129
Total net position - ending	\$ 1,390,491

See accompanying notes to financial statements

Town of Greenwood, Florida
Statement of Cash Flows
Proprietary Fund

For the year ended September 30, 2018

Business-type Activities / Enterprise Funds	
	Utility
Operating activities	
Receipts from customers	\$ 137,027
Payments to suppliers	21,486
Payments to employees	(43,110)
Net cash provided by operating activities	115,403
Capital and related financing activities	
Capital contributions	178,572
Purchase of capital assets	(245,940)
Net cash used in capital and related financing activities	(67,368)
Investing activities	
Change in investment principal	(112)
Interest earned	330
Net cash provided by investing activities	218
Net increase in cash and cash equivalents	48,253
Cash and cash equivalents - beginning	59,294
Cash and cash equivalents - ending	\$ 107,547
Reconciliation of operating income to net cash provided by operating activities:	
Net operating (loss)	\$ (59,684)
Adjustments to reconcile operating (loss) to net cash provided by operating activities:	
Depreciation expense	61,425
Increase (decrease) in accounts payables	113,662
Net cash provided by operating activities	\$ 115,403

See accompanying notes to financial statements

Town of Greenwood, Florida Notes to Financial Statements

NOTE 1 - REPORTING ENTITY

The Town of Greenwood, Florida (the “Town”) is located in northwest Florida in Jackson County. The Town operates under an elected Mayor and a three-member Town Council and serves approximately 750 residents. The Town provides a full range of municipal services, including public works activities, parks and recreation, and general administrative services. In addition, the Town operates a water and garbage utility.

As outlined in Governmental Accounting Standards Board (GASB) Statement No. 14, *The Reporting Entity*, the financial reporting entity consists of the primary government, and its component units, for which the primary government is considered to be financially accountable.

As required by generally accepted accounting principles, the accompanying financial statements present the Town as a primary government. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of the organization’s governing body and either it is able to impose its will on that organization or there is potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. The primary government may also be financially accountable for governmental organizations that are fiscally depend on it. In applying the above criteria, management has determined that there are no component units to be included within the reporting entity.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Town has implemented GASB Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements-and Managements Discussion and Analysis-for State and Local Governments: Omnibus*; and Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Government Fund Financial Statements*. Significant Town accounting policies are described below.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units, if any, for which the primary government is financially accountable.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide and Fund Financial Statements (continued)

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

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

The Town reports the following major governmental fund:

General Fund

The general fund is the Town's primary operating fund. It accounts for all resources traditionally associated with governments except those required to be accounted for in another fund. All general tax revenues and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this fund. All of the current operating expenditures of the Town other than proprietary fund activities are financed through revenues received by the General Fund.

The Town reports the following major proprietary fund:

Water and Garbage Utility Fund

The water and garbage utility fund is used to account for the operations of the Town's water and garbage system, which is financed in a manner similar to private business enterprises, where the costs, including depreciation, of providing services to the general public on a continuing basis are financed or recovered primarily through user charges.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as is the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.



Town of Greenwood, Florida Notes to Financial Statements

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

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

Budgets and Budgetary Accounting

General governmental revenue and expenditures accounted for in budgetary funds are controlled by a budgetary accounting system in accordance with various legal requirements which govern the Town's operations. Budgets are monitored at varying levels of classification detail; however, expenditures cannot legally exceed total appropriations at the individual fund level. All budget changes that affect the total of a fund's budget must be approved by the Town Council.

The budgetary information presented for the General Fund is prepared on the modified accrual basis. Encumbrances are not recorded. Unexpended items at year-end must be reappropriated in the subsequent year.

Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government.

Investments

Investments consist of those certificates of deposit made locally in commercial banks with a maturity date greater than three months of the date acquired by the government. As the certificates of deposit are non-negotiable, they are recorded at cost which approximates fair value.

Town of Greenwood, Florida
Notes to Financial Statements

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables

All accounts receivable are deemed by management to be fully collectible; therefore, an allowance for doubtful accounts has not been established.

Due from (to) Other Funds

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds.”

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, right of ways, stormwater system, sidewalks, and similar items), are reported in the applicable governmental or business-type activity columns in the government-wide financial statements.

Property, plant, and equipment with initial, individual costs that exceed \$750 and estimated useful lives of over one year are recorded as capital assets. Roads, bridges, and sidewalks are capitalized when their initial costs exceed \$25,000 and possess estimated useful lives of more than one year. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

GASB Statement No. 34 requires the Town to report and depreciate new infrastructure assets effective October 1, 2003. The retroactive reporting of infrastructure is not required by the Town. These infrastructure assets are likely to be the largest asset class of the Town. Neither their historical cost nor related depreciation has historically been reported in the financial statements.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Assets	Years
Buildings	20-50
Improvements other than buildings	10-20
Machinery and equipment	5-25
Infrastructure	25



Town of Greenwood, Florida Notes to Financial Statements

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. For assets constructed with governmental fund resources, interest during construction is not capitalized.

Compensated Absences

The Town maintains a policy that permits employees to accumulate earned but unused vacation and sick pay benefits that will be paid to employees upon separation from Town service if certain criteria are met. These benefits, plus their related tax and retirement costs are classified as compensated absences. Employees may be paid for unused vacation hours accrued up to a maximum amount of 240 hours. Payment of unused sick leave, upon termination, is also provided for up to 50% of the accrued amount.

Both the current and long-term portion of compensated absences are accrued and reported in the government-wide financial statements. No expenditure is reported in the government fund level statements for these amounts until payment is made. Compensated absences liability is based on current rates of pay. This is accounted for pursuant to GASB Statement No. 16, *Accounting for Compensated Absences*.

Property Taxes

Under Florida law, the assessment of all properties and the collection of all County, municipal and school board property taxes are consolidated in the offices of the Property Appraiser and Tax Collector. The laws of the state regulating tax assessment are also designed to assure a consistent property valuation method statewide. Florida Statutes permit municipalities to levy property taxes at a rate of up to 10 mills for general operations. The Town's millage rate for the year ended September 30, 2018, was 1 mill.

The tax levy of the Town is established by the Town council prior to October 1 of each year.

Property tax revenue is recognized when taxes are received by the Town. Because any delinquent taxes collected after September 30 would not be material, delinquent taxes due are not accrued at year end.



Town of Greenwood, Florida Notes to Financial Statements

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes (continued)

All taxes become payable on November 1, of each year, or as soon thereafter as the assessment roll is certified and delivered to the Tax Collector. All taxes become delinquent on April 1 following the year in which they are assessed. Discounts are allowed for early payment at the rate of 4% in the month of November, 3% in the month of December, 2% in the month of January, and 1% in the month of February. Taxes paid in March are without discount.

Property taxes are collected by the Jackson County Tax Collector. State law provides for enforcement of collection of personal property taxes by seizure of the property to satisfy unpaid taxes and for enforcement of collection of real property taxes by the sale of interest-bearing tax certificates.

Designations of Fund Equity

For governmental funds, fund balances should be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on specific purposes for which amounts in those funds can be spent.

Nonspendable Fund Balance – amounts cannot be spent because either they are not in a spendable form or legally or contractually required to be maintained intact.

Restricted Fund Balance – amounts that are restricted to specific purposes.

Committed Fund Balance – amounts can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority.

Assigned Fund Balance – amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned Fund Balance – amounts that are not otherwise reserved or designated.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classification, fund balance is generally depleted in the order of restricted, committed, assigned and unassigned.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Restricted Assets

It is generally the practice of the Town to utilize restricted net assets before unrestricted net assets when possible.

Long-term Obligations

In the government-wide financial statement long-term obligations are reported as liabilities.

Subsequent Events

Subsequent events have been evaluated through the date of the Independent Auditors' Report which is the date the financial statements were available to be issued.

New Accounting Standards Adopted

In fiscal year 2018, GASB issued four new statements of financial accounting standards as follows:

- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75)
- GASB Statement No. 81, *Irrevocable Split-Interest Agreements* (GASB 81)
- GASB Statement No. 85, *Omnibus 2017* (GASB 85)
- GASB Statement No. 86, *Certain Debt Extinguishment Issues* (GASB 86)

GASB 75 establishes standards of accounting and financial reporting, but not funding or budgetary standards, for OPEB that is provided to employees of state and local governmental employers through OPEB Plans that are administered through trusts or equivalent arrangements meeting certain criteria. GASB 75 also establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditure. It replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended*, and No. 57, *OPEB Measurement by Agent Employers and Agent Employers and Agent Multiple-Employer Plans*. For defined benefit OPEB plans, GASB 75 identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to period of employee service. Note disclosure and required supplementary information are addressed. There was no impact on the Town's financial statements as a result of the implementation of GASB 81.

Town of Greenwood, Florida
Notes to Financial Statements

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Standards Adopted (continued)

GASB 81 requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources as the inception of the agreement. GASB 81 also provides expanded guidance for circumstances in which the government holds the assets. There was no material impact on the Town’s financial statements as a result of the implementation of GASB 81.

GASB 85 addresses practice issues that were identified during the implementation and application of certain GASB Statements. GASB 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pension and other postemployment benefits [OPEB]). The adoption of GASB 85 had no impact on the Town’s current accounting practices nor its financial reporting.

GASB 86 establishes standards of accounting and financial reporting requirements, for in-substance defeasance of debt transactions in which cash and other monetary assets acquired with only existing resources – that is, resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of future repayment of outstanding debt. There was no material impact on the Town’s financial statements as a result of the implementation of GASB 86.

Recently Issued But Not Yet Effective

GASB has issued the following pronouncements that may affect future financial position, results of operations, cash flows, or financial presentation of the Town upon implementation. Management has not yet evaluated the effect of implementation of these standards.

GASB Statement No.	GASB Accounting Standard	Effective Fiscal Year
83	<i>Certain Asset Retirement Obligations</i>	2019
84	<i>Fiduciary Activities</i>	2020
87	<i>Leases</i>	2021
88	<i>Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements</i>	2019
89	<i>Accounting for Interest Cost Incurred before the End of a Construction Period</i>	2021
90	<i>Majority Equity Interest an amendment of GASB Statements No. 14 and No. 61</i>	2020

NOTE 3 - CASH AND INVESTMENTS

At September 30, 2018, the carrying amount of the Town's cash and cash equivalents and investments in certificates of deposit was \$295,362 and the bank balance was \$300,554. The bank balance was covered by federal depository insurance and, for the amount in excess of such federal depository insurance, by the State of Florida's Public Deposit Act. Provisions of the Act require that public deposits may only be made at qualified public depositories. The Act requires each qualified public depository to deposit with the State Treasurer eligible collateral equal to or in excess of the required collateral as determined by the provisions of the Act. In the event of a failure by a qualified public depository, losses in excess of federal depository insurance and proceeds from the sale of securities pledged by the defaulting depository are assessed against the other qualified public depositories of the same type as the depository in default. When other qualified public depositories are assessed additional amounts, they are assessed on a pro-rata basis.

Credit Risk

At September 30, 2018, the Town did not hold any deposits or investments that were considered to have credit risk.

Interest Rate Risk

At September 30, 2018, the Town did not hold any investments that were considered to have interest rate risk.

Custodial Credit Risk

At September 30, 2018, the Town did not hold any deposits or investments that were considered to have custodial credit risk.

Concentration of Credit Risk

At September 30, 2018, the Town did not hold any investments that were considered to have concentration of credit risk.

Foreign Currency Risk

At September 30, 2018, the Town did not hold any investments that were considered to have foreign currency risk.

The Town invested funds in three certificates of deposit with six to twelve month maturities. At September 30, 2018, the carrying value of these funds was \$65,102 which approximates fair value. The certificates of deposit are considered investments and reported as "certificates of deposit" on the statement of net position at September 30, 2018.

Town of Greenwood, Florida
Notes to Financial Statements

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Fair Value Measurement and Application

Governmental entities are required to record investments at fair value unless an exception applies and disclose the fair value measurement and hierarchy. Paragraph 69 of GASB 72 lists several investments that should be measured as described in GASB Statement 31 which includes investments in nonparticipating interest-earning investment contracts (certificates of deposit) and money market investments that have a maturity at the time of purchase of one year or less. At September 30, 2018, the Town's investments consisted of non-negotiable certificates of deposits which are recorded at cost and are excluded from fair value measurement.

The Town's depositories are banks or savings institutions designated by the State Treasurer as qualified public depositories. Chapter 280, Florida Statutes "Florida Security for Public Deposits Act" provides procedures for public depositories to ensure monies in banks and savings institutions are collateralized with the Treasurer as an agent for the public entities. All Town cash consists of checking accounts and interest-bearing time deposits in a local bank.

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable consist of the following:

<u>September 30, 2018</u>	General	Proprietary	Total
Trade accounts	\$ 6,450	\$ 8,087	\$ 14,537
<u>Accounts receivable</u>	<u>\$ 6,450</u>	<u>\$ 8,087</u>	<u>\$ 14,537</u>

Accounts receivables arise primarily from utility services (water and garbage) provided by the Town of Greenwood, Florida and utility franchise fees. The Town grants credit to customers, substantially all of whom are local residents.

NOTE 5 - DUE FROM OTHER GOVERNMENTS

Due from other governments consists of funds earned as of September 30, 2018, but not yet received by the Town. The majority of these amounts were received in October and November 2018.

Town of Greenwood, Florida
Notes to Financial Statements

NOTE 6 - CAPITAL ASSETS

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

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
Business-type activities:				
Utilities				
Capital assets, not being depreciated:				
Land	\$ 25,250	\$ -	\$ -	\$ 25,250
Construction in progress	-	245,940	-	245,940
<hr/>				
Total capital assets, not being depreciated	25,250	245,940	-	271,190
<hr/>				
Capital assets, being depreciated:				
Buildings and equipment	2,147,249	-	-	2,147,249
Less: accumulated depreciation for buildings and equipment				
	(1,068,009)	(61,425)	-	(1,129,434)
<hr/>				
Total capital assets, being depreciated, net	1,079,240	(61,425)	-	1,017,815
<hr/>				
Utilities capital assets, net	\$ 1,104,490	\$ 184,515	\$ -	\$ 1,289,005
<hr/>				

Depreciation expense was charged to business-type activities functions/programs of the primary government as follows:

<i>Year ended September 30,</i>	2018
Water and garbage	\$ 61,425
<hr/>	

Town of Greenwood, Florida
Notes to Financial Statements

NOTE 6 - CAPITAL ASSETS (CONTINUED)

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 160,961	\$ -	\$ -	\$ 160,961
Total capital assets, not being depreciated	160,961	-	-	160,961
Capital assets, being depreciated:				
Buildings	227,902	-	-	227,902
Improvements other than buildings	467,866	-	-	467,866
Equipment	222,656	-	-	222,656
Total capital assets, being depreciated	918,424	-	-	918,424
Less: accumulated depreciation for:				
Buildings	(143,627)	(7,849)	-	(151,476)
Improvements other than buildings	(291,199)	(19,361)	-	(310,560)
Equipment	(204,371)	(7,651)	-	(212,022)
Less: total accumulated depreciation	(639,197)	(34,861)	-	(674,058)
Total capital assets, being depreciated, net	279,227	(34,861)	-	244,366
Governmental activities capital assets, net	\$ 440,188	\$ (34,861)	\$ -	\$ 405,327

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

<i>Year ended September 30,</i>	2018
General government	\$ 34,861

Town of Greenwood, Florida
Notes to Financial Statements

NOTE 7 - LONG-TERM DEBT

Long-term debt of the Town at September 30, 2018, is as follows:

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	DUE WITHIN ONE YEAR
Governmental activities:					
Compensated absences	\$ 1,519	\$ 7,404	\$ (5,945)	\$ 2,978	\$ 1,519
Total Governmental activities:	\$ 1,519	\$ 7,404	\$ (5,945)	\$ 2,978	\$ 1,519

NOTE 8 - EMPLOYEE BENEFITS

Employees who have completed six months of service with the Town participate in a defined contribution plan under Florida Municipal Pension Trust Plan, administered by the Florida League of Cities. Payments amounting to 5% of the gross salaries of each eligible employee are made annually by the Town to the Plan Administrator. The Town's contribution to the plan for the fiscal years ended September 30, 2018, 2017 and 2016 was \$3,917, \$3,066 and \$4,887. Total payroll for 2017-2018 was \$126,444. One hundred percent (100%) vesting occurs after three service years. The accounts of non-vested terminated employees are forfeited and can be used to reduce future participating employer contributions.

The liability for future benefit payments remains with the plan, and the Town's funding policy is to make contributions equal to annual pension cost incurred. Benefits consist of the individual account balances.

NOTE 9 - FUND BALANCE

Non-spendable fund balances include amounts that cannot be spent because they are not in spendable form or are legally or contractually required to be maintained intact.

Spendable fund balances are classified based on a hierarchy of the Town's ability to control the spending of these fund balances and are reported in the following categories: restricted, committed, assigned and unassigned. For the year ended September 30, 2018, the Town reports net assets as committed and unassigned. Restricted net assets have externally imposed constraints placed on the use of resources by creditors, grantors, contributors, laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Assigned net assets have constraints placed on the use of resources by the Town's intent to use the resources for a specific purpose. Unassigned fund balances have not been restricted, committed or assigned to specific purposes within the general fund. In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is generally depleted in the order of restricted, committed, assigned and unassigned.

The amount committed at September 30, 2018 for road paving projects is \$38,989.

Town of Greenwood, Florida Notes to Financial Statements

NOTE 10 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors or omissions; injuries to employees and/or the public; or damage to property of others; and natural disasters for which the Town carries commercial insurance. Insurance against losses are provided for the following types of risk:

- Workers' compensation and employer's liability
- General and automobile liability
- Real and personal property damage

The Town's coverage for workers' compensation is under a retrospectively rated policy. Premiums are accrued based on the ultimate cost to-date of the Town's experience for this type of risk.

NOTE 11 - LITIGATION AND CONTINGENT LIABILITIES

A lawsuit is pending against the Town. In the opinion of legal counsel, the potential unrecorded liability on all claims and lawsuits will not be significant to the Town's financial position.

NOTE 12 - COMMITMENTS AND SUBSEQUENT EVENTS

In 2017, the Town accepted a \$761,325 grant/loan award from the United States Department of Agriculture to install a new water well. This agreement was increased to \$1,129,725 in July 2019. The project is expected to begin in 2019.

The Town had a continuing contract commitment at September 30, 2018 to L&K Construction totaling approximately \$260,000 related to their ongoing CDBG water project construction.

Subsequent to year end, the Town approved a contract related to the water well project for approximately \$927,000.

Subsequent to year end, the Town sustained damages to property, equipment and infrastructure as a result of Hurricane Michael. The total loss sustained is still unknown. While the Town has insurance on most property, there will be some uninsured losses but the Town expects FEMA to reimburse them for insurance deductibles.

NOTE 13 - BUDGETARY INFORMATION

The Town had expenditures that were in excess of their budget in the General Fund for the year ended September 30, 2018. The unfavorable variance is mainly due to unanticipated legal fees related to litigation.



COMPLIANCE SECTION

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

Honorable Mayor and Town Council
Town of Greenwood
Greenwood, Florida

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 activities, and each major fund of the Town of Greenwood, Florida (the "Town") as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basis financial statements and have issued our report thereon dated August 28, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described below as 2007-001, that we consider to be significant deficiency.

Honorable Mayor and Town Council
Town of Greenwood
Greenwood, Florida

PRIOR YEAR FINDINGS AND RECOMMENDATIONS

PREPARATION OF GAAP BASED FINANCIAL STATEMENTS, FINDING 2007-001 – NOT RESOLVED

CRITERIA: An entity's system of internal control over financial reporting should include controls over the prevention, detection and correction of misstatements in the audited financial statements.

CONDITION: The Town relies on the external auditor to assist with preparing the financial statements in conformity with generally accepted accounting principles.

CAUSE: The Town has a capable individual providing bookkeeping services; however, the Town does not have an individual on staff with accounting education and experience to properly record more complex accounting transactions and prepare financial statements in accordance with generally accepted accounting principles.

EFFECT: The fact the Town does not have someone on staff to prepare the financial statements in accordance with generally accepted accounting principles and to record complex accounting transactions results in a material weakness under professional standards.

RECOMMENDATION: We understand the cost-benefit of hiring someone with this expertise is not practical, therefore, we recommend the Town continue to request outside assistance in recording more complex transactions.

STATUS: During the current year, CRI proposed certain adjustments to convert grant transactions accounted for on the cash basis to the accrual basis. This condition continues to exist.

VIEW OF RESPONSIBLE OFFICIALS: See Management's Response and Corrective Action Plan beginning on page 34.

Honorable Mayor and Town Council
Town of Greenwood
Greenwood, Florida

Compliance and Other Matters

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

Town's Response to Findings

The Town's response to the findings identified in our audit is described in the accompanying Management's Response. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town'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.

Carri Riggs & Ingram, L.L.C.

August 28, 2019

INDEPENDENT AUDITORS' MANAGEMENT LETTER

Honorable Mayor and Town Council
Town of Greenwood
Greenwood, Florida

Report on the Financial Statements

We have audited the financial statements of the Town of Greenwood, Florida (the "Town"), as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated August 28, 2019.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General.

Other Reports and Schedule

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated August 28, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report except as noted under the heading Prior Year Findings and Recommendations.

Honorable Mayor and Town Council
Town of Greenwood
Greenwood, Florida

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. The Town was established in 1951 by Chapter 51-27576, Laws of Florida.

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.566(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the Town has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Town did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the Town's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

COMMENT ML 18-01: Expenditures exceeded budgeted amounts in the General fund.

RECOMMENDATION: Expenditures should be monitored for compliance with budgets on a timely basis. If increased expenditures occur, the budget should be amended up to sixty days after year end to reflect updated results and related approval by the board.

Annual Financial Report

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the annual financial report for the Town for the fiscal year ended September 30, 2018, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2018. In connection with our audit, we determined that these two reports were in agreement.

Honorable Mayor and Town Council
Town of Greenwood
Greenwood, Florida

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Town Council, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Carly Riggs & Ingram, L.L.C.

August 28, 2019



Carr, Riggs & Ingram, LLC
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**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH
SECTION 218.415, FLORIDA STATUTES, *LOCAL GOVERNMENT
INVESTMENT POLICIES***

Honorable Mayor and Town Council
Town of Greenwood
Greenwood, Florida

We have examined Town of Greenwood, Florida's compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2018. Management is responsible for the Town of Greenwood, Florida's compliance with those requirements. Our responsibility is to express an opinion on the Town of Greenwood, Florida's compliance based on our examination.

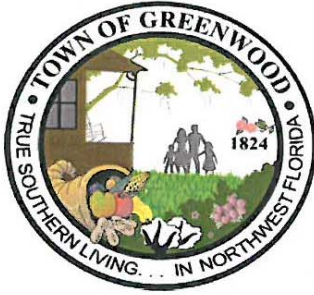
Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Town of Greenwood, Florida complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Town of Greenwood, Florida complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Town of Greenwood, Florida's compliance with specified requirements.

In our opinion, the Town of Greenwood, Florida complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2018.

This report is intended solely for the information and use of management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

Carr, Riggs & Ingram, L.L.C.

August 28, 2019



*Town of Greenwood
4207 Bryan Street
P.O. Drawer 9
Greenwood, FL 32443*

In response to Finding ML 18-10, the Town did not amend their budget within the 60 day window after year end due to Hurricane Michael. In the future, the budget will be reviewed and amended as needed within 60 days of year end.

**PREPARATION OF GAAP BASED FINANCIAL STATEMENTS, FINDING 07-01 –
NOT RESOLVED**

Response: In response to Finding 2007-01 regarding the preparation of the financial statements and footnotes in accordance with the GAAP standards, it has been the Town's practice to have its Town Clerk prepare monthly financial reports for the Town Council to review and financial reports for the annual audit. As a small municipality, it would be cost prohibitive to engage another accounting firm to draft the financial statements and related disclosures in advance for the year-end audit procedures; consequently, we will continue to utilize our auditors to provide financial advice on certain issues when necessary.