

TOWN OF GREENSBORO, FLORIDA
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ANNUAL FINANCIAL REPORT
SEPTEMBER 30, 2019

**Annual Financial Report
and Other Financial Information**



Town of Greensboro, Florida

**Year Ended September 30, 2019
with Independent Auditor's Report**

**TOWN OF GREENSBORO, FLORIDA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

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Introductory Section

TOWN OF GREENSBORO, FLORIDA
ANNUAL FINANCIAL REPORT
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MAYOR

Lamar Alday, Mayor

TOWN COUNCIL

William E. Willis, Jr. (President)

Erin Schaefer

Michael Pitts

Nathan Kever

Libby Henderson

TOWN CLERK

Annie Proctor

TOWN MANAGER

Dennis Henderson

TOWN ATTORNEY

Alan Jackson

Financial Section

INDEPENDENT AUDITOR'S REPORT

To the Honorable Town Council,
Town of Greensboro, 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 Town of Greensboro, Florida, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise Town of Greensboro, Florida's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of Town of Greensboro, Florida, as of September 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension schedules, and budgetary comparison information as listed in the table of contents 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 February 5, 2020 on our consideration of Town of Greensboro, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Greensboro, Florida's internal control over financial reporting and compliance.

Lanigan & Associates, PC

Tallahassee, Florida
February 5, 2020

**TOWN OF GREENSBORO, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019**

As management of the Town of Greensboro, Florida, we offer readers of the Town of Greensboro, Florida's financial statements this narrative overview and analysis of the financial activities of the Town of Greensboro, Florida for the fiscal year ended September 30, 2019.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Greensboro, Florida's basic financial statements. The Town of Greensboro, Florida's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Town of Greensboro, Florida's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Town of Greensboro, Florida's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as useful indicators of whether the financial position of the Town of Greensboro, Florida is improving or deteriorating.

The *statement of activities* presents information showing how the government'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 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 and earned but unused vacation leave).

The government-wide financial statements distinguish functions of the Town of Greensboro, Florida that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town of Greensboro, Florida include general government, public safety, transportation, physical environment and culture and recreation. The business-type activities of the Town of Greensboro, Florida include the water operations.

The government-wide financial statements can be found on pages D-1 through D-3 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Greensboro, Florida, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town of Greensboro, Florida can be divided into two categories: governmental funds and proprietary funds.

**TOWN OF GREENSBORO, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019**

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

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

The Town of Greensboro, Florida maintains two governmental funds, the general fund and the special revenue fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for each of the funds.

The Town of Greensboro, Florida adopts an annual appropriated budget for its general fund and special revenue fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages E-1 through E-3 of this report.

Proprietary funds. *Proprietary funds* record the business-like transactions of a government. The Town of Greensboro, Florida maintains one proprietary fund, the water fund. This fund is also classified as an Enterprise fund because it records outside goods and services provided to the public for a fee. *Proprietary funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the water operations, which is considered to be a major fund.

The basic proprietary fund financial statements can be found on pages E-4 through E-6 of this report.

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. The notes to the financial statements can be found on pages F-1 through F-20 of this report.

**TOWN OF GREENSBORO, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019**

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Town of Greensboro, Florida. Required supplementary information can be found on pages G-1 through H-3 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Greensboro, Florida, assets exceeded liabilities by \$2,945,885 at the close of the most recent fiscal year.

By far the largest portion of the Town of Greensboro, Florida's net position (81 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The Town of Greensboro, Florida uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. The remaining balance of *unrestricted net position* of \$574,029 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Town of Greensboro, Florida is able to report positive balances in all categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

**TOWN OF GREENSBORO, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019**

Town of Greensboro, Florida's Net Position

	Governmental activities		Business-type activities		Total	
	2019	2018	2019	2018	2019	2018
ASSETS						
Current and other assets	\$ 736,310	\$ 635,157	\$ 2,565	\$ 41,733	\$ 738,875	\$ 676,890
Capital assets	520,970	534,182	1,850,886	1,905,587	2,371,856	2,439,769
Total assets	1,257,280	1,169,339	1,853,451	1,947,320	3,110,731	3,116,659
DEFERRED OUTFLOW OF RESOURCES						
Deferred outflows relate to pensions	42,264	73,173	10,566	4,935	52,830	78,108
LIABILITIES						
Net pension liability	121,120	150,761	30,280	12,123	151,400	162,884
Other liabilities	660	528	27,209	25,274	27,869	25,802
Total Liabilities	121,780	151,289	57,489	37,397	179,269	188,686
DEFERRED INFLOW OF RESOURCES						
Deferred inflows related to pensions	30,726	24,414	7,681	4,981	38,407	29,395
NET POSITION						
Net investment in capital assets	520,970	534,182	1,850,886	1,905,587	2,371,856	2,439,769
Unrestricted	626,068	532,627	(52,039)	4,290	574,029	536,917
Total net position	\$ 1,147,038	\$ 1,066,809	\$ 1,798,847	\$ 1,909,877	\$ 2,945,885	\$ 2,976,686

Governmental activities. Governmental activities increased the Town of Greensboro, Florida's net position by \$80,229 in the most recent fiscal year.

Key elements of this increase are as follows:

- The Town experienced reasonable unexpected expenditures but was still able to keep the current year expenditures below budgeted amounts.

**TOWN OF GREENSBORO, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019**

Town of Greensboro, Florida's Changes in Net Position

	Governmental activities		Business-type activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 103,164	\$ 101,139	\$ 81,099	\$ 88,448	\$ 184,263	\$ 189,587
Operating grants and contributions	47,165	46,694	-	-	47,165	46,694
Capital grants and contributions	-	5,031	-	-	-	5,031
General revenues:						
Taxes	38,539	37,969	-	-	38,539	37,969
Intergovernmental and other	164,841	115,356	-	-	164,841	115,356
Total revenues	<u>353,709</u>	<u>306,189</u>	<u>81,099</u>	<u>88,448</u>	<u>434,808</u>	<u>394,637</u>
Expenses:						
General government	115,029	106,283	-	-	115,029	106,283
Public safety	36,799	37,565	-	-	36,799	37,565
Physical environment	69,863	76,084	-	-	69,863	76,084
Transportation	51,789	52,872	-	-	51,789	52,872
Water	-	-	192,129	153,712	192,129	153,712
Total expenses	<u>273,480</u>	<u>272,804</u>	<u>192,129</u>	<u>153,712</u>	<u>465,609</u>	<u>426,516</u>
Increase (decrease) in net position	80,229	33,385	(111,030)	(65,264)	(30,801)	(31,879)
Net position - beginning of year	1,066,809	1,033,424	1,909,877	1,975,141	2,976,686	3,008,565
Net position - end of year	<u>\$ 1,147,038</u>	<u>\$ 1,066,809</u>	<u>\$ 1,798,847</u>	<u>\$ 1,909,877</u>	<u>\$ 2,945,885</u>	<u>\$ 2,976,686</u>

Business-type activities. In the most recent fiscal year, business-type activities decreased the Town of Greensboro, Florida's net position by \$111,030.

Financial Analysis of the Government's Funds

As noted earlier, the Town of Greensboro, Florida uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, the Town of Greensboro, Florida's *governmental funds* reported ending fund balances of \$735,650, an increase of \$101,021 in comparison with the prior year. Approximately 99 percent of this total amount, \$726,258, constitutes *unassigned fund balance*, which is available for spending at the government's discretion. As a measure of the governmental fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Fund balance represents 291 percent of total governmental fund expenditures.

**TOWN OF GREENSBORO, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019**

The fund balance of the Town of Greensboro, Florida's general fund increased by \$101,021 during the fiscal year ending September 30, 2019, due to the following:

- The Town has reasonable unexpected expenditures and was able to keep the current year expenditures below budgeted amounts.

Proprietary funds. The Town of Greensboro, Florida's proprietary fund financial statements provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Water fund at the end of the year amounted to negative \$52,039. The total decrease in net position for the fund was \$111,030. Other factors concerning the finances of this fund have already been addressed in the discussion of the Town of Greensboro, Florida's business-type activities.

Capital Asset and Debt Administration

Capital assets. The Town of Greensboro, Florida's investment in capital assets for its governmental and business type activities as of September 30, 2019, amounts to \$2,371,856 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment and roads.

Additional information on the Town of Greensboro, Florida's capital assets can be found in note II.C. of this report.

Economic Factors and Next Year's Budgets and Rates

There are no anticipated rate increases. This factor was considered in preparing the Town of Greensboro, Florida's budget for the 2019-2020 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the Town of Greensboro, Florida's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Mr. Dennis Henderson, Town Manager, Post Office Box 66, Greensboro, Florida 32330.

TOWN OF GREENSBORO, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

	PRIMARY GOVERNMENT		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 465,601	\$ 2,305	\$ 467,906
Certificates of deposit	214,772	-	214,772
Receivables, net	12,966	6,630	19,596
Internal balances	33,579	(33,579)	-
Prepaid items	9,392	-	9,392
Restricted assets:			
Cash and cash equivalents	-	27,209	27,209
Capital assets:			
Land and construction in progress	16,100	5,000	21,100
Depreciable (net)	504,870	1,845,886	2,350,756
Total assets	\$ 1,257,280	\$ 1,853,451	\$ 3,110,731
DEFERRED OUTFLOW OF RESOURCES RELATED TO PENSIONS			
	42,264	10,566	52,830
LIABILITIES			
Accounts payable and accrued expenses	\$ 660	\$ -	\$ 660
Utility deposits	-	27,209	27,209
Non-current liabilities:			
Net pension liability	121,120	30,280	151,400
Total liabilities	121,780	57,489	179,269
DEFERRED INFLOW OF RESOURCES RELATED TO PENSIONS			
	30,726	7,681	38,407
NET POSITION			
Net investment in capital assets	520,970	1,850,886	2,371,856
Unrestricted	626,068	(52,039)	574,029
Total net position	\$ 1,147,038	\$ 1,798,847	\$ 2,945,885

TOWN OF GREENSBORO, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities:				
General government	\$ 115,029	\$ 3,444	\$ -	\$ -
Public safety	36,799	-	31,589	-
Physical environment	69,863	99,720	-	-
Transportation	51,789	-	15,576	-
Total governmental activities	273,480	103,164	47,165	-
Business-type activities:				
Water	192,129	81,099	-	-
Total business-type activities	192,129	81,099	-	-
Total Primary Government	\$ 465,609	\$ 184,263	\$ 47,165	\$ -

General Revenues:

Property taxes

State shared revenues

Unrestricted investment earnings and other revenue

Total general revenues, contributions and transfers

Change in net position

Total net position - beginning of year

Net position - end of year

See accompanying notes to the financial statements.

Governmental Activities	Business-type Activities	Total
\$ (111,585)	\$ -	\$ (111,585)
(5,210)	-	(5,210)
29,857	-	29,857
(36,213)	-	(36,213)
<u>(123,151)</u>	<u>-</u>	<u>(123,151)</u>
-	(111,030)	(111,030)
-	(111,030)	(111,030)
<u>(123,151)</u>	<u>(111,030)</u>	<u>(234,181)</u>
38,539	-	38,539
120,072	-	120,072
44,769	-	44,769
<u>203,380</u>	<u>-</u>	<u>203,380</u>
80,229	(111,030)	(30,801)
<u>1,066,809</u>	<u>1,909,877</u>	<u>2,976,686</u>
<u>\$ 1,147,038</u>	<u>\$ 1,798,847</u>	<u>\$ 2,945,885</u>

TOWN OF GREENSBORO, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019

	General	Special Revenue Fund	Total
ASSETS			
Cash and cash equivalents	\$ 415,637	\$ 49,964	\$ 465,601
Certificate of deposit	214,772	-	214,772
Receivables, net	12,966	-	12,966
Due from other funds	83,543	-	83,543
Prepaid items	9,392	-	9,392
	<u>9,392</u>	<u>-</u>	<u>9,392</u>
Total assets	<u><u>\$ 736,310</u></u>	<u><u>\$ 49,964</u></u>	<u><u>\$ 786,274</u></u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accrued expenses	\$ 660	\$ -	\$ 660
Due to other funds	-	49,964	49,964
	<u>-</u>	<u>49,964</u>	<u>49,964</u>
Total liabilities	<u>660</u>	<u>49,964</u>	<u>50,624</u>
Fund Balances			
Nonspendable	9,392	-	9,392
Unassigned	726,258	-	726,258
	<u>726,258</u>	<u>-</u>	<u>726,258</u>
Total fund balances	<u>735,650</u>	<u>-</u>	<u>735,650</u>
Total liabilities and fund balances	<u><u>\$ 736,310</u></u>	<u><u>\$ 49,964</u></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. The cost of the assets is \$1,221,912 and the accumulated depreciation is \$700,942. 520,970

Deferred outflows and inflows of resources are not available in the current period and, therefore, are not reported in the governmental funds. Deferred outflows and inflows of resources at year-end consist of:

Deferred outflows related to pensions	42,264	
Net pension liability	(121,120)	
Deferred inflows related to pensions	<u>(30,726)</u>	
		<u>(109,582)</u>

Total net position of governmental activities \$ 1,147,038

TOWN OF GREENSBORO, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	General	Special Revenue Fund	Total
REVENUES			
Taxes, licenses and permits	\$ 41,570	\$ -	\$ 41,570
Intergovernmental	167,237	-	167,237
Charges for services	100,133	-	100,133
Interest and other	44,769	-	44,769
	<u>353,709</u>	<u>-</u>	<u>353,709</u>
EXPENDITURES			
Current			
General government	109,733	-	109,733
Public safety	34,914	-	34,914
Physical environment	48,442	-	48,442
Transportation	50,273	-	50,273
Capital outlay	9,326	-	9,326
	<u>252,688</u>	<u>-</u>	<u>252,688</u>
Excess of revenues over expenditures	<u>101,021</u>	<u>-</u>	<u>101,021</u>
Net changes in fund balances	101,021	-	101,021
Fund balances - beginning	<u>634,629</u>	<u>-</u>	<u>634,629</u>
Fund balances - ending	<u>\$ 735,650</u>	<u>\$ -</u>	<u>\$ 735,650</u>

TOWN OF GREENSBORO, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

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

Net change in fund balances - total governmental funds	\$ 101,021
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Governmental funds report capital purchases as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital purchases (\$9,326) exceeds depreciation (\$22,538) in the current period.	(13,212)
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Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available.

This adjustment is as follows:

Change in net pension liability and related deferred outflows and inflows	(7,580)
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Change in net position of governmental activities	\$ 80,229
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TOWN OF GREENSBORO, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUND
SEPTEMBER 30, 2019

	Water Fund
ASSETS	
Current assets	
Cash and cash equivalents	\$ 2,305
Accounts receivable, net	6,630
Restricted assets:	
Cash and cash equivalents	27,209
Total current assets	36,144
Noncurrent assets	
Capital assets:	
Capital assets, net, where applicable of accumulated depreciation	1,850,886
Total assets	1,887,030
DEFERRED OUTFLOW OF RESOURCES RELATED TO PENSIONS	10,566
LIABILITIES	
Current liabilities	
Payable from restricted assets	
Utility deposits	27,209
Due to other funds	33,579
Total current liabilities	60,788
Non-current liabilities	
Net pension liability	30,280
Total non-current liabilities	30,280
Total liabilities	91,068
DEFERRED INFLOW OF RESOURCES RELATED TO PENSIONS	7,681
NET POSITION	
Net investment in capital assets	1,850,886
Unrestricted	(52,039)
Total net position	\$ 1,798,847

TOWN OF GREENSBORO, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Water Fund</u>
Operating revenues	
Charges for services	\$ 79,553
Miscellaneous	1,546
	<hr/>
Total operating revenues	81,099
	<hr/>
Operating expenses	
Depreciation	54,701
Repairs and maintenance	44,538
Personnel Services	42,697
Professional services	19,970
Telephone and utilities	11,084
Small tools and supplies	9,886
Insurance	6,287
Office	2,738
Backflow testing program	228
Total operating expenses	192,129
	<hr/>
Change in net position	(111,030)
	<hr/>
Total net position - beginning of year	1,909,877
	<hr/>
Total net position - end of year	\$ 1,798,847
	<hr/> <hr/>

TOWN OF GREENSBORO, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Water Fund
Cash flows from operating activities:	
Receipts from customers	\$ 85,080
Payments to suppliers	(55,812)
Payments to employees	(27,471)
	1,797
Net cash provided by operating activities	1,797
Net increase in cash and cash equivalents	1,797
Cash and cash equivalents at beginning of year	27,717
Cash and cash equivalents at end of year	\$ 29,514
Reconciliation of net income (loss) to net cash provided by (used in) operating activities:	
Operating (loss)	\$ (111,030)
Depreciation	54,701
Change in Assets and Liabilities:	
(Increase) decrease in accounts receivable	2,046
(Increase) decrease in due from other funds	38,919
(Increase) decrease deferred outflow of resources	(5,631)
Increase (decrease) in accounts payable	1,935
Increase (decrease) net pension liability	18,157
Increase (decrease) deferred inflow of resources	2,700
	112,827
Total adjustments	112,827
Net cash provided by operating activities	\$ 1,797
Cash and cash equivalents classified as:	
Unrestricted	\$ 2,305
Restricted	27,209
Total cash and cash equivalents	\$ 29,514

There are no non-cash investing, capital, or financing activities.

TOWN OF GREENSBORO, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

I. Summary of Significant Accounting Policies

A. Reporting entity

The Town of Greensboro, Florida (the "Town") is a Florida municipality created pursuant to Chapter 6351, Laws of Florida, 1911, and is governed by an elected five-member Town Council. The Town provides services to its citizens, including fire and police protection, water, streets, sanitation and other general governmental activities. The accompanying financial statements present the government only since there are no component units for which the government is considered to be financially accountable.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support.

C. Basis of presentation - government-wide financial statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the Town's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds.

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

D. Basis of presentation - fund financial statements

The fund financial statements provide information about the Town's funds. Separate statements for each fund category (governmental and proprietary) are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

**TOWN OF GREENSBORO, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

I. Summary of Significant Accounting Policies (Continued)

D. Basis of presentation - fund financial statements (Continued)

The Town reports the following major governmental funds:

The *general fund* is the Town's primary operating fund. It accounts for all financial resources of the general government.

The *special revenue fund* accounts for all grants awarded to the Town and the related expenditures of those grant funds.

The government reports the following major proprietary fund:

The *water fund* accounts for the activities of the Town's water distribution operations.

During the course of operations, the Town has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

E. Measurement focus and basis of accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

TOWN OF GREENSBORO, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

I. Summary of Significant Accounting Policies (Continued)

E. Measurement focus and basis of accounting (Continued)

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

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government 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, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

F. Budgetary information

1. Budgetary basis of accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund. The appropriated budget is prepared by fund, function, and department. The Town's management may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Town Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

TOWN OF GREENSBORO, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

I. Summary of Significant Accounting Policies (Continued)

F. Budgetary information (Continued)

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

G. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position/Fund Balance

1. Deposits and Investments

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the Town to invest in direct obligations of the U.S. Treasury, Local Government Surplus Funds Trust Fund, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, SEC registered money market funds with the highest credit quality rating, and savings and CD accounts in state-certified public depositories.

Investments are stated at fair value.

2. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

**TOWN OF GREENSBORO, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

I. Summary of Significant Accounting Policies (Continued)

G. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position/Fund Balance (Continued)

3. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. For financial reporting purposes, capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. For inventory purposes, capital assets are assets with an individual cost of \$1,000 or more. For financial reporting purposes, infrastructure assets are defined by the Town as assets within an initial, individual cost of more than \$15,000 (amount not rounded) acquired after September 30, 2003 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the Town is depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	39
Public domain infrastructure	30-50
System infrastructure	5-50
Furniture and equipment	5-10

TOWN OF GREENSBORO, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

I. Summary of Significant Accounting Policies (Continued)

G. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position/Fund Balance (Continued)

4. Net position flow assumption

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the Town's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

5. Fund balance flow assumptions

Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

6. Use of estimates

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from the estimates assumed in preparing the financial statements.

7. Deferred outflows/inflows of resources

In addition to assets and liabilities, the statement of financial position will, if required, report a separate section for deferred outflows of resources and deferred inflows of resources, respectfully. These separate financial statement elements, deferred outflows/inflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow/inflow of resources (expense/expenditure or revenue) until then. Currently, the only item in this category consisted of deferred amounts related to pension, as discussed further in Note (III B).

TOWN OF GREENSBORO, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

I. Summary of Significant Accounting Policies (Continued)

G. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position/Fund Balance (Continued)

8. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System (FRS) and additions to/deductions from FRS's fiduciary net position have been determined on the same basis as they are reported by FRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

9. Fund balance policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Town itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Town's highest level of decision-making authority. The Town Council is the highest level of decision-making authority for the Town that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the Town for specific purposes but do not meet the criteria to be classified as committed. The Town Council (the "Council") has by resolution authorized the Town Manager to assign fund balance. The Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

**TOWN OF GREENSBORO, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

I. Summary of Significant Accounting Policies (Continued)

H. Revenues and Expenditures/Expenses

1. Program revenues

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

2. Property Taxes

Property taxes are billed and collected for the Town by the Gadsden County Tax Collector according to Florida Statute under the following calendar:

Lien Date:	January 1
Levy Date:	October 1
Due Date:	November 1
Delinquency Date:	April 1, of the following year

3. Proprietary funds operating and nonoperating revenues and expenses

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 revenues of the Town's enterprise funds are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

4. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System (FRS) and additions to/deductions from FRS's fiduciary net position have been determined on the same basis as they are reported by FRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

TOWN OF GREENSBORO, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

II. Detailed Notes on All Funds

A. Deposits

At year end, the carrying amount of the Town's cash and certificates of deposit was \$709,887, and the total of the bank balances was \$720,483. The entire bank balance was covered by Federal depository insurance or by collateral held by the Town's custodial bank which is pledged to a state trust fund that provides security for amounts held in excess of FDIC coverage in accordance with the Florida Security for Public Deposits Act Chapter 280, Florida Statutes.

The Florida Security for Public Deposits Act established guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements and characteristics of eligible collateral.

B. Receivables

Receivables as of September 30, 2019, are as follows:

	<u>General</u>	<u>Water</u>	<u>Total</u>
Accounts	\$ 5,069	\$ 6,630	\$ 11,699
Intergovernmental	<u>7,897</u>	<u>-</u>	<u>7,897</u>
Net total receivables	<u>\$ 12,966</u>	<u>\$ 6,630</u>	<u>\$ 19,596</u>

TOWN OF GREENSBORO, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

II. Detailed Notes on All Funds (Continued)

C. Capital Assets

Capital asset activity for the year ended September 30, 2019 was as follows:

	Balance Oct. 1, 2018	Additions	Reductions	Balance Sept. 30, 2019
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 16,100	\$ -	\$ -	\$ 16,100
Total capital assets, not being depreciated	<u>16,100</u>	<u>-</u>	<u>-</u>	<u>16,100</u>
Capital assets, being depreciated:				
Buildings and improvements	270,303	-	-	270,303
Improvements other than buildings	866,662	-	-	866,662
Equipment, furniture, fixtures and vehicles	59,521	9,326	-	68,847
Total capital assets, being depreciated	<u>1,196,486</u>	<u>9,326</u>	<u>-</u>	<u>1,205,812</u>
Less accumulated depreciation for:				
Buildings and improvements	(243,212)	(1,345)	-	(244,557)
Improvements other than buildings	(382,335)	(17,094)	-	(399,429)
Equipment, furniture, fixtures and vehicles	(52,857)	(4,099)	-	(56,956)
Total accumulated depreciation	<u>(678,404)</u>	<u>(22,538)</u>	<u>-</u>	<u>(700,942)</u>
Governmental activities				
Capital assets, net	<u>\$ 534,182</u>	<u>\$ (13,212)</u>	<u>\$ -</u>	<u>\$ 520,970</u>
Business-type activities				
Capital assets, not being depreciated:				
Land	\$ 5,000	\$ -	\$ -	\$ 5,000
Total capital assets, not being depreciated	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>5,000</u>
Capital assets, being depreciated				
Equipment, buildings, utility systems and improvements	2,420,332	-	-	2,420,332
Less accumulated depreciation	(519,745)	(54,701)	-	(574,446)
Total capital assets being depreciated, net	<u>1,900,587</u>	<u>(54,701)</u>	<u>-</u>	<u>1,845,886</u>
Business-type activities capital assets, net	<u>\$ 1,905,587</u>	<u>\$ (54,701)</u>	<u>\$ -</u>	<u>\$ 1,850,886</u>

**TOWN OF GREENSBORO, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

II. Detailed Notes on All Funds (Continued)

C. Capital Assets (Continued)

Depreciation expense was charged to functions/programs as follows:

Governmental activities:		
General government	\$	1,127
Public safety		1,127
Physical environment		<u>20,284</u>
Total depreciation	\$	<u><u>22,538</u></u>
Business-type activities:		
Water	\$	<u>54,701</u>
Total depreciation	\$	<u><u>54,701</u></u>

D. Interfund Transfers, Loans, and Advances

Interfund receivables and payables at September 30, 2019, are comprised of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Water Fund	\$ 33,579
General Fund	Special Revenue	<u>49,964</u>
		\$ 83,543

The outstanding balances between funds are short-term loans to cover short-term cash flow needs and expected to be repaid in full over the course of the next fiscal year.

**TOWN OF GREENSBORO, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

III. Other Information

A. Contingent Liabilities

Grant Programs-Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally Federal and State governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Town expects amounts, if any, to be immaterial.

B. Florida Retirement System:

(1) General Information about the Pension Plan:

The Town participates in the Florida Retirement System (FRS), a multiple-employer, cost sharing defined public employee retirement system which covers all of the Town's full-time employees. The System is a noncontributory retirement plan, administered by the State of Florida, Department of Administration, Division of Retirement to provide retirement and survivor benefits to participating public employees. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part N, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. The FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined-benefit pension plan (Plan), with a Deferred Retirement Option Program (DROP), and a defined-contribution plan, referred to as the FRS Investment Plan (Investment Plan).

In addition, all regular employees of the Town are eligible to enroll as members of the Retiree Health Insurance Subsidy (HIS) Program. The HIS is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. For the fiscal year ended September 30, 2019, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

**TOWN OF GREENSBORO, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

III. Other Information: (Continued)

B. Florida Retirement System: (Continued)

(1) General Information about the Pension Plan: (Continued)

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. Members of both Plans may include up to 4 years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments. Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

Employees may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The Investment Plan is funded by employer and employee contributions that are based on salary and membership class (Regular, DROP, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees in the Investment Plan vest at one year of service.

**TOWN OF GREENSBORO, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

III. Other Information: (Continued)

B. Florida Retirement System: (Continued)

(1) General Information about the Pension Plan: (Continued)

Contributions – Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates by job class for the periods from October 1, 2018 through June 30, 2019 and from July 1, 2019 through September 30, 2019, respectively, were as follows: Regular—8.26% and 8.47%; Senior Management Service—24.06% and 25.41%; and DROP participants—14.03% and 14.60%. These employer contribution rates include 1.66% HIS Plan subsidy for the periods October 1, 2018 through September 30, 2019.

The Town's contributions, including employee contributions, to the FRS Pension Plan totaled \$12,339 for the fiscal year ended September 30, 2019. The Town's contributions to the HIS Pension Plan totaled \$1,588 for the fiscal year ended September 30, 2019.

Financial statements and other supplementary information of the FRS are included in the State's Comprehensive Annual Financial Report, which is available from the Florida Department of Financial Services, Bureau of Financial Reporting Statewide Financial Reporting Section by mail at 200 E. Gaines Street, Tallahassee, Florida 32399-0364; by telephone at (850)413-5511; or at the Department's Web site (www.myfloridacfo.com). An annual report on the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services, Division of Retirement, Research and Education Section, by mail at P.O. Box 9000, Tallahassee, Florida 32315-9000; by telephone toll free at (877)377- 1737 or (850)488-5706; by e-mail at rep@dms.myflorida.com; or at the Division's Web site (www.frs.myflorida.com).

**TOWN OF GREENSBORO, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

III. Other Information: (Continued)

B. Florida Retirement System: (Continued)

(2) Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

At September 30, 2019, the Town reported a liability of \$151,400 for its proportionate share of the net pension liability, \$121,779 related to FRS and \$29,621 to HIS. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, as actuarially determined. At June 30, 2019 and June 30, 2018, the Town's FRS proportion was 0.000354% and 0.000443%, respectively. At June 30, 2019 and June 30, 2018, the Town's HIS proportion was 0.000265% and 0.000279%, respectively. For the year ended September 30, 2019, the Town's recognized pension expense of \$21,475 from FRS and \$1,331 from HIS, for a grand total of \$22,806.

Deferred outflows/inflows related to pensions:

At September 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,223	\$ (76)	\$ 360	\$ (36)
Changes of assumptions	31,279	-	3,427	(2,421)
Net difference between projected and actual earnings on pension plan investments	-	(6,737)	19	-
Changes in proportionate share	4,908	(24,329)	2,451	(4,808)
Contributions subsequent to measurement date	2,794	-	369	-
Total	<u>\$ 46,204</u>	<u>\$ (31,142)</u>	<u>\$ 6,626</u>	<u>\$ (7,265)</u>

**TOWN OF GREENSBORO, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

III. Other Information: (Continued)

B. Florida Retirement System: (Continued)

(2) Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: (Continued)

The above amounts for deferred outflows of resources for contributions related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2019. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions being amortized for a period of greater than one year will be recognized in pension expense in succeeding years as follows:

Year ended June 30:	FRS Amount	HIS Amount
2020	\$ 4,449	\$ (430)
2021	1,342	(344)
2022	3,243	(188)
2023	2,446	137
2024	631	(25)
Thereafter	157	(157)
Total	\$ 12,268	\$ (1,007)

Actuarial assumptions:

The Florida Retirement System (FRS) Actuarial Assumption Conference is responsible for setting the assumptions used in the funding valuations of the defined benefit pension plan pursuant to section 216.136(10), Florida Statutes. The division determines the assumptions in the valuations for GASB 67 reporting purposes. The FRS Pension Plan's GASB 67 valuation is performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS Pension Plan was completed in 2019 for the period July 1, 2013, through June 30, 2018. Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed for that program. The actuarial assumptions that determined the total pension liability for the HIS Program were based on certain results of the most recent experience study for the FRS Pension Plan.

**TOWN OF GREENSBORO, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

III. Other Information: (Continued)

B. Florida Retirement System: (Continued)

(2) Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: (Continued)

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation, using the entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.60%. Payroll growth for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS investments is 6.90%. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because HIS Program uses a pay-as-you go funding structure, a municipal bond rate of 3.50% was used to determine the total pension for the program. Mortality assumptions for both plans were based on the PUB-2010 base table, projected generationally with Scale MP-2018, and mortality assumptions for the HIS Program were based on the Generational RP-2000 with Projection Scale BB tables.

The following changes in actuarial assumptions occurred in 2019:

FRS: The long-term expected rate of return was decreased from 7.00% to 6.90%, and the mortality assumption was changed from the Generational RP-2000 with Projection Scale BB tables to the PUB-2010 base table, projected generationally with Scale MP-2018.

HIS: The municipal rate used to determine total pension liability was increased from 3.87% to 3.50%.

**TOWN OF GREENSBORO, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

III. Other Information: (Continued)

B. Florida Retirement System: (Continued)

(2) Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: (Continued)

Long-term expected rate of return:

The long-term expected rate of return assumption of 6.90 percent consists of two building block components: 1) a real (in excess of inflation) return of 4.30 percent, consistent with the capital market outlook model developed during 2019 by the outside investment consultant to the Florida State Board of Administration; and 2) a long-term average annual inflation assumption of 2.60 percent as adopted in October 2019 by the FRS Actuarial Assumption Conference. In the opinion of the FRS consulting actuary, Milliman, both components and the overall 6.90 percent return assumption were determined to be reasonable and appropriate per Actuarial Standards of Practice. The 6.90 percent reported investment return assumption differs from the 7.20 percent investment return assumption chosen by the 2019 FRS Actuarial Assumption Conference for funding policy purposes, as allowable under governmental accounting and reporting standards.

For reference, the table below contains a summary of Milliman’s assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

<u>Asset Class</u>	<u>Target Allocation (1)</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1%	3.3%	3.3%	1.2%
Fixed income	18%	4.1%	4.1%	3.5%
Global equity	54%	8.0%	6.8%	16.5%
Real estate (property)	10%	6.7%	6.1%	11.7%
Private equity	11%	11.2%	8.4%	25.8%
Strategic investments	6%	5.9%	5.7%	6.7%
Total	<u>100.00%</u>			
Assumed inflation - mean			2.6%	1.7%

(1) As outlined in the Pension Plan's investment policy

**TOWN OF GREENSBORO, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

III. Other Information: (Continued)

B. Florida Retirement System: (Continued)

(2) Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: (Continued)

Sensitivity of the net pension liability to changes in the discount rate:

The following presents the proportionate shares of the FRS and HIS net pension liability of the Town calculated using the current discount rates, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1 % lower or 1 % higher than the current rate:

FRS Net Pension Liability

1% Decrease	Current Discount Rate	1% Increase
5.90%	6.90%	7.90%
\$ 210,515	\$ 121,779	\$ 47,669

HIS Net Pension Liability

1% Decrease	Current Discount Rate	1% Increase
2.50%	3.50%	4.50%
\$ 33,814	\$ 29,621	\$ 26,128

C. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; workers compensation; and natural disasters for which the Town carries commercial insurance.

The Town is a member of the Florida Municipal Self-Insurance Fund, (the "Fund"). The Fund was created to allow members to pool their liabilities pursuant to provisions in Florida Worker's Compensation Law. The Town pays an annual premium to the Fund for its workers' compensation coverage. The Fund's underwriting and rate setting policies were established after consulting with an independent actuary. The Fund is non-assessable and therefore, the Town has no liability for future deficits of the Fund, if any.

**TOWN OF GREENSBORO, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

III. Other Information: (Continued)

C. Risk Management (Continued)

The Town is also a member of the Florida Municipal Insurance Trust (the "Trust"). The Trust is a self-insurance program established to provide certain liability, casualty and property coverage to participating units of local governments in Florida, pursuant to various provisions of Florida Statutes. The Trust's underwriting and rate setting policies were established after consulting with an independent actuary. The Town pays an annual premium to the Trust for its insurance coverage. The Trust is non-assessable and therefore, the Town has no liability for future deficits of the Trust, if any.

D. Subsequent Events

Subsequent events were reviewed through February 5, 2020, which is the date the financial statements were available to be issued. As of this date there were no subsequent events that required disclosure.

TOWN OF GREENSBORO, FLORIDA
SCHEDULE OF TOWN OF GREENSBORO'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
FLORIDA RETIREMENT SYSTEM
LAST TEN FISCAL YEARS*

	2019	2018	2017	2016	2015	2014
Town of Greensboro's proportion of the net pension liability	0.000353611%	0.000442894%	0.000515241%	0.000518677%	0.00050060%	0.000444071%
Town of Greensboro's proportionate share of the net pension liability	\$ 121,779	\$ 133,402	\$ 152,405	\$ 130,966	\$ 64,660	\$ 27,095
Town of Greensboro's covered-employee payroll	59,040	70,867	88,551	86,549	98,242	90,309
Town of Greensboro's proportionate share of the net pension liability as a percentage of its covered-employee payroll	206.27%	188.24%	172.11%	151.32%	65.82%	30.00%
Plan fiduciary net position as a percentage of the total pension liability	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%

* The amounts presented for each fiscal year were determined as of 6/30.
No data is available for the previous four years.

TOWN OF GREENSBORO, FLORIDA
SCHEDULE OF TOWN OF GREENSBORO'S CONTRIBUTIONS
FLORIDA RETIREMENT SYSTEM
LAST TEN FISCAL YEARS*

	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 12,339	\$ 10,076	\$ 13,413	\$ 12,649	\$ 12,205	\$ 9,727
Contributions in relation to the contractually required contribution	(12,339)	(10,076)	(13,413)	(12,649)	(12,205)	(9,727)
Contribution deficiency (excess)	-	-	-	-	-	-
Town of Greensboro's covered-employee payroll	\$ 59,040	\$ 70,867	\$ 88,551	\$ 86,549	\$ 98,242	\$ 90,309
Contributions as a percentage of covered-employee payroll	20.90%	14.22%	15.15%	14.61%	12.42%	10.77%

* The amounts presented for each fiscal year were determined as of 6/30.
No data is available for the previous four years.

TOWN OF GREENSBORO, FLORIDA
SCHEDULE OF TOWN OF GREENSBORO'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
HEALTH INSURANCE SUBSIDY PROGRAM
LAST TEN FISCAL YEARS*

	2019	2018	2017	2016	2015	2014
Town of Greensboro's proportion of the net pension liability	0.000264731%	0.000278551%	0.000327384%	0.000322101%	0.031159500%	0.000301724%
Town of Greensboro's proportionate share of the net pension liability	\$ 29,621	\$ 29,482	\$ 35,005	\$ 37,540	\$ 31,778	\$ 28,212
Town of Greensboro's covered-employee payroll	59,040	70,867	88,551	86,549	98,242	90,309
Town of Greensboro's proportionate share of the net pension liability as a percentage of its covered-employee payroll	50.17%	41.60%	39.53%	43.37%	32.35%	31.24%
Plan fiduciary net position as a percentage of the total pension liability	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%

* The amounts presented for each fiscal year were determined as of 6/30.
No data is available for the previous four years.

TOWN OF GREENSBORO, FLORIDA
SCHEDULE OF TOWN OF GREENSBORO'S CONTRIBUTIONS
HEALTH INSURANCE SUBSIDY PROGRAM
LAST TEN FISCAL YEARS*

	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 1,588	\$ 1,324	\$ 1,733	\$ 1,651	\$ 1,191	\$ 1,034
Contributions in relation to the contractually required contribution	(1,588)	(1,324)	(1,733)	(1,651)	(1,191)	(1,034)
Contribution deficiency (excess)	-	-	-	-	-	-
Town of Greensboro's covered-employee payroll	\$ 59,040	\$ 70,867	\$ 88,551	\$ 86,549	\$ 98,242	\$ 90,309
Contributions as a percentage of covered-employee payroll	2.69%	1.87%	1.96%	1.91%	1.21%	1.14%

* The amounts presented for each fiscal year were determined as of 6/30.
No data is available for the previous four years.

TOWN OF GREENSBORO, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Budgeted Amounts</u>			Variance with Final Budget - Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Taxes, licenses and permits	\$ 39,546	\$ 39,546	\$ 41,570	\$ 2,024
Intergovernmental	151,520	151,520	167,237	15,717
Charges for services	111,223	111,223	100,133	(11,090)
Interest and other	43,460	43,460	44,769	1,309
	<u>345,749</u>	<u>345,749</u>	<u>353,709</u>	<u>7,960</u>
EXPENDITURES				
Current				
General government	138,560	138,560	109,733	28,827
Public safety	41,089	41,089	34,914	6,175
Physical environment	46,500	46,500	48,442	(1,942)
Transportation	66,100	66,100	50,273	15,827
Capital outlay	53,500	53,500	9,326	44,174
	<u>345,749</u>	<u>345,749</u>	<u>252,688</u>	<u>93,061</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>101,021</u>	<u>101,021</u>
Net changes in fund balances	-	-	101,021	101,021
Fund balances - beginning	<u>526,551</u>	<u>526,551</u>	<u>634,629</u>	<u>108,078</u>
Fund balances - ending	<u>\$ 526,551</u>	<u>\$ 526,551</u>	<u>\$ 735,650</u>	<u>\$ 209,099</u>

TOWN OF GREENSBORO, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL
SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Budgeted Amounts</u>			Variance with Final Budget - Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Current				
Physical environment	-	-	-	-
Total Expenditures	-	-	-	-
Excess of revenues over expenditures	-	-	-	-
Net changes in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TOWN OF GREENSBORO, FLORIDA
NOTE TO THE SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES –BUDGET TO ACTUAL–GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Stewardship, Compliance, and Accountability:

A. Budgetary Information:

An annual budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America for the funds. All annual appropriations lapse at fiscal year end. The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to October 1, the Town Council prepares a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to October 1, the budget is legally enacted through passage of an ordinance.
4. Revisions that alter the total expenditures of any fund must be approved by the Town Council.
5. Formal budgetary integration is employed as a management control device during the year for the funds. The legal level of budgetary control is the fund level.
6. The budget for the funds is adopted on a basis consistent with accounting principles generally accepted in the United States of America.

Compliance Section

LANIGAN & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
MANAGEMENT CONSULTANTS
www.lanigancpa.com

**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 Town Council,
Town of Greensboro, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund of Town of Greensboro, Florida as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise Town of Greensboro, Florida's basic financial statements, and have issued our report thereon dated February 5, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Town of Greensboro, Florida'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 Town of Greensboro, Florida's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Greensboro, Florida'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 have not been identified. We did identify a certain deficiency in internal control that we consider to be a material weakness.

2019-001: Segregation of Duties

Criteria – It is important for an entity to segregate the authorization of transactions, recording of transactions, and custody of the related assets. Independent performance of each of these functions reduces the opportunity for any one person to be in a position both to perpetrate and to conceal errors or irregularities in the normal course of his or her duties.

Condition – Separation of certain accounting and administrative duties among employees, which is recommended as an effective internal control procedure, was not adequate. The limited number of employees precludes ideal segregation of duties.

Cause/Effect – The failure to maintain separation of these functions subjects the Town to the risk that material misstatements due to error or fraud may occur and not be detected by employees in a timely manner during the performance of their assigned tasks.

Recommendation – We recommend that in the absence of the ability to hire additional employees, alternative procedures, including additional oversight with regard to certain functions, be performed regularly to mitigate the risk caused by this deficiency in internal controls.

Classification – Material Weakness

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Greensboro, Florida'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 of Greensboro, Florida's Response to Findings

Town of Greensboro, Florida's response to the findings identified in our audit is described in the accompanying management response letter. We did not audit Town of Greensboro, Florida's response and, accordingly, we express no opinion on it.

Purpose of this Report

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

Lanigan & Associates, PC

Tallahassee, Florida
February 5, 2020

LANIGAN & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
www.lanigancpa.com

Please reply to:
Tallahassee

314 Gordon Avenue
Thomasville, GA 31792
(229) 226-8320
(229) 226-0038 Fax

Bernard Lanigan (1918-1982)
Bernard Lanigan, Jr., CPA
Frank J. Mercer, CPA, CFP
C. Bradford Jackson, CPA, CFA
D. Mark Fletcher, CPA, CFE
G. Thomas Harrison, Jr., CPA, CFP
John W. Keillor, CPA

2630 Centennial Place, Suite 1
Tallahassee, FL 32308
(850) 893-8418
(850) 893-9745 Fax

3353 Peachtree Road, NE
North Tower, Suite 545
Atlanta, GA 30326
(404) 848-7221
(404) 442-2728 Fax

February 5, 2020

**INDEPENDENT AUDITOR'S MANAGEMENT LETTER REQUIRED
BY CHAPTER 10.550, RULES OF THE STATE OF FLORIDA,
OFFICE OF THE AUDITOR GENERAL**

To the Honorable Town Council,
Town of Greensboro, Florida

Report on the Financial Statements

We have audited the financial statements of the Town of Greensboro, Florida, as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated February 5, 2020.

Auditor's 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 *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 Auditor's 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 Account's Reports 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 February 5, 2020, 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 mitigate the following findings and recommendations made in the preceding annual financial audit report.

Tabulation of Uncorrected Audit Findings		
Current Year Finding #	2017-18 FY Finding #	2016-17 FY Finding #
2019-001	2018-001	2017-002

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 this management letter, unless disclosed in the notes to the financial statements. This information is disclosed in Note 1 of the notes to financial statements.

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and report the results of our determination as to whether or not Town of Greensboro, Florida has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the Town of Greensboro, Florida did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the Town of Greensboro. It is management’s responsibility to monitor the Town of Greensboro’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 the same.

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

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.

Honorable Town Council
Management Letter
February 5, 2020

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.

Lanigan & Associates, PC

Lanigan & Associates, P.C.
February 5, 2020

**REPORT OF INDEPENDENT ACCOUNTANT ON COMPLIANCE
WITH LOCAL GOVERNMENT INVESTMENT POLICIES**

Town Council
Town of Greensboro, Florida

Report on Compliance

We have examined the Town of Greensboro, Florida Town Council's (the "Council") compliance with Section 218.415, Florida Statutes, during the year ended September 30, 2019. Management is responsible for the Council's compliance with those requirements. Our responsibility is to express an opinion on the Council's compliance based on our examination.

Scope

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Council's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Council's compliance with specified requirements.

Opinion

In our opinion, the Council complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2019.

Lanigan & Associates, PC

Tallahassee, Florida
February 5, 2020

TOWN OF GREENSBORO

P.O. BOX 66

GREENSBORO, FLORIDA 32330-0066

Phone: (850) 442-6215

Fax: (850) 442-6680

February 21, 2020

John Keillor, CPA
Lanigan & Associates, P.C.
2630 Centennial Place, Ste 1
Tallahassee, Fl. 32308

RE: Draft Financial Statement – Audit

Dear Sir:

As the Draft Financial Statement has been received by the Town, the following response to finding 2019-001 is provided:

2019-001 Segregation of Duties

Further Segregation of duties is addressed in the attached correspondence between DEO and the Town of Greensboro. This correspondence occurred after the Audit for FY 2019 On-Site Visit was completed. There are three letters that address the FY 2018 Audit Findings. The initial letter is from DEO. The second letter is the response from the Town of Greensboro that addresses segregation of duties. The third letter is DEO's response.

The controls detailed in the Town's response are presently in place and Management seeks to be ever diligent in implementing mitigating controls as resources allow.

Sincerely,



Dennis Henderson
Town Manager

Bekah Baahn

Ron DeSantis
GOVERNOR



Ken Lawson
EXECUTIVE DIRECTOR

November 15, 2019

Certified Mail
Return Receipt Requested

Dennis Henderson
Town Manager
Town of Greensboro
PO Box 66
Greensboro, Florida 32330

Subject: Final Management Decision on Audit of the Town of Greensboro for the Fiscal Year Ended September 30, 2018.

Dear Mr. Henderson:

We have reviewed the Town of Greensboro's Financial Statements, its Independent Auditor's Report and Management Letter on the audit for the fiscal year ending September 30, 2018. This correspondence is our Management Decision regarding the audit.

The audit report contained a finding that requires the Department of Economic Opportunity to issue a written management decision to your entity in accordance with *Title 2 U.S. Code of Federal Regulation (CFR) Part 200 Uniform Administrative Requirement, Cost Principles and Audit Requirements for Federal Awards* and *Chapter 10.550, Rules of the Florida Auditor General*. The independent auditor's finding and subsequent DEO Management Decision are as follows:

Financial Statement Finding
Material Weakness

2018-001: Segregation of Duties

Criteria - It is important for an entity to segregate the authorization of transactions, recording of transactions, and custody of related assets. Independent performance of each of these functions reduces the opportunity for any one person to be in a position both to perpetrate and to conceal errors or irregularities in the normal course of his or her duties.

Condition - Separation of certain accounting and administrative duties among employees, which is recommended as an effective internal control procedure, was not adequate. The limited number of employees precludes ideal segregation of duties.

Florida Department of Economic Opportunity | Caldwell Building | 107 E. Madison Street | Tallahassee, FL 32399
850.245.7105 | www.FloridaJobs.org
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Cause/Effect - The failure to maintain separation of these functions subjects the Town to the risk that material misstatements due to error or fraud may occur and not be detected by employees in a timely manner during the performance of their assigned tasks.

Recommendation - We recommend that in the absence of the ability to hire additional employees, alternative procedures, including additional oversight with regard to certain functions, be performed regularly to mitigate the risk caused by this deficiency in internal controls.

Management's Response

Further Segregation of Duties is not possible as the Town's financial duties are provided by one employee, the Town Clerk. There are no plans within the budget process to add another employee for oversight activities.

DEO Management Decision:

This comment is sustained pending the following corrective action by December 16, 2019:

- **While we do understand that there are no plans within the budget to add another employee, mitigating controls among other current town management should be established. Please provide DEO with a detailed plan and a timeline for the Town to form these controls, which should include additional oversight or a secondary reviewer to address the concerns of the auditor.**

If you have questions regarding our Management Decision, please contact Ms. Janice Hutchison, Chief of Financial Monitoring and Accountability, at 850-245-7445 or email at Janice.Hutchison@deo.myflorida.com.

Be 4 7 11

Sincerely,



Damon Steffens, Chief Financial Officer
Department of Economic Opportunity

TOWN OF GREENSBORO

P.O. BOX 66

GREENSBORO, FLORIDA 32330-0066

Phone: (850) 442-6215

Fax: (850) 442-6680

Ms. Janice Beahn
Chief of Financial Monitoring and Accountability
Florida Department of Economic Opportunity
107 E. Madison Street
Tallahassee, Florida 32330

Dear Ms. Beahn:

This is in response to your letter dated November 15, 2019 with regards to separation of the accounting duties for the Town of Greensboro. As stated in our response to the audit finding, we do not have the resources to create additional position(s) to obtain optimal segregation of duties. While our Management's Response was essentially accurate, it was brief and possibly lacking detail (in the interest of brevity). We do have only one employee (the Town Clerk) that performs the Town's accounting duties. However, we have the Town Manager who has oversight of the Clerk's office. Listed below are some of the mitigating controls that are in place and most of which have been in place for some time. In addition to the Town Manager, some controls are performed by non paid persons, including the Mayor, the Council Chair, and the Council Members. Listed below are more details of our process. The Town typically has only three paid employees.

1. Bank statement review: The Town Manager receives unopened copies of the bank statements and reviews the activity along with the enclosures (canceled checks) for suspicious activity. Specific areas of focus are:
 - Missing checks
 - Checks issued out of sequence
 - Unknown payees
 - Checks that appear to have been altered
 - Checks not signed by authorized signatories

2. Check disbursements: Neither the Town Clerk nor the Town Manager sign checks or are authorized to do so. The Town Clerk maintains a check register and provides it along with the checks to be signed. All checks require two signatures (customarily the Mayor and the Council Chair). The Town Manager reviews that each disbursement listed on the check register has a corresponding check (with appropriate documentation) to be signed. The Town Manager approves items on the check register. At this time the town has no electronically disbursed transactions (ACH). All bills are paid by check. All bills are approved by the Town Council. The Town Manager actively monitors check numbers and will investigate any check gaps. The Clerk typically issues less than forty checks per month.

3. Bank reconciliation review: Completed bank reconciliations are signed off by the Town Clerk and reviewed by the Town Manager.
4. Utility Services Billing: The Clerk provides billing for all utility services. All meters are read by the Town's third employee. This provides documentation for verification of utility receipts and water metering and as a paper trail for related cash receivables from utility payments.
5. Cash receivables: The Town has a very limited amount of non recurring receivables from such items as community room rental and water sales for outside uses such as construction. Typically all three Town employees have segregated duties that provide a level of accountability.
6. Deposits: The Town Clerk records and prepares the receipts for deposit daily. The Town Manager randomly reviews those receipts. Most large receipts are recurring items from other governmental entities and are a budgeted item. The budget is under continual scrutiny by the Mayor and Town Council.

We hope this more detailed response satisfies your request. If you have any further questions, please contact me and I will be glad to further discuss the details with you.

Sincerely,



Dennis Henderson
Town Manager

Ron DeSantis
GOVERNOR



Ken Lawson
EXECUTIVE DIRECTOR

January 23, 2020

Certified Mail
Returned Receipt Requested

Mr. Dennis Henderson
Town Manager
Town of Greensboro
PO Box 66
Greensboro, Florida 32330

Subject: Final Management Decision on Audit of the Town of Greensboro for the Fiscal Year Ended September 30, 2018.

Dear Mr. Henderson:

The Department of Economic Opportunity (DEO) has received and reviewed the Town of Greensboro's response to the information requested in the Management Decision Letter dated, November 15, 2019. Based upon the information provided in your response, it appears that the issue reported by the independent auditor, Lanigan & Associates, P.C., has been taken under advisement and the Town has implemented further mitigating controls to address the concern reported to the extent their resources allow.

If you have any questions regarding this correspondence or if there is need for additional technical assistance, please contact Janice Beahn at 850-245-7445 or via email at Janice.Beahn@deo.myflorida.com.

Sincerely,

Damon Steffens
Chief Financial Officer

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