

**TOWN OF GREENSBORO, FLORIDA**  
❖  
**ANNUAL FINANCIAL REPORT**  
**SEPTEMBER 30, 2020**

**Annual Financial Report  
and Other Financial Information**



**Town of Greensboro, Florida**

**Year Ended September 30, 2020  
with Independent Auditor's Report**

**TOWN OF GREENSBORO, FLORIDA  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

**TABLE OF CONTENTS**

	Page
<b>INTRODUCTORY SECTION</b>	
Principal Town Officials.....	A-1
<b>FINANCIAL SECTION</b>	
Independent Auditor's Report.....	B-1
Management's Discussion and Analysis.....	C-1
<b>Basic Financial Statements</b>	
<b>Government-wide Financial Statements:</b>	
Statement of Net Position.....	D-1
Statement of Activities.....	D-2
<b>Fund Financial Statements:</b>	
Balance Sheet - Governmental Funds.....	E-1
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.....	E-2
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	E-3
Statement of Net Position - Proprietary Fund.....	E-4
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund.....	E-5
Statement of Cash Flows - Proprietary Fund.....	E-6
Notes to Financial Statements.....	F-1
<b>Required Supplemental Information:</b>	
Schedule of Town of Greensboro's Proportionate Share of Net Pension Liability - Florida Retirement System.....	G-1
Schedule of Town of Greensboro's Contributions - Florida Retirement System.....	G-2
Schedule of Town of Greensboro's Proportionate Share of Net Pension Liability - Health Insurance Subsidy Program.....	G-3
Schedule of Town of Greensboro's Contributions - Health Insurance Subsidy Program.....	G-4

**TOWN OF GREENSBORO, FLORIDA  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

**TABLE OF CONTENTS (CONTINUED)**

	Page
Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual:	
General Fund.....	H-1
Special Revenue Fund.....	H-2
Note to the Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual.....	H-3
 <b>COMPLIANCE SECTION</b>	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	I-1
Independent Auditor's Management Letter Required by Chapter 10.550 Rules of the State of Florida, Office of the Auditor General.....	I-4
Report of Independent Accountant on Compliance with Local Government Investment Policies.....	I-7
Corrective Action Plan.....	I-8

## *Introductory Section*

**TOWN OF GREENSBORO, FLORIDA**  
**ANNUAL FINANCIAL REPORT**  
**SEPTEMBER 30, 2020**

**MAYOR**

Lamar Alday

**TOWN COUNCIL**

William E. Willis, Jr. (President)

Erin Schaefer

Michael Pitts

Lynn Green

Libby Henderson

**TOWN CLERK**

Jeanette White

**TOWN MANAGER**

Dennis Henderson

**TOWN ATTORNEY (INTERIM)**

David Weiss

## *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, 2020, 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, 2020, 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 April 30, 2021 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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  
April 30, 2021

**TOWN OF GREENSBORO, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2020**

As management of the Town of Greensboro, Florida (the “Town”), we offer readers of the Town of Greensboro, Florida's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended September 30, 2020.

**Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to the Town's basic financial statements. The Town'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's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all the Town'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 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 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 include general government, public safety, transportation, physical environment and culture and recreation. The business-type activities of the Town 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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the Town can be divided into two categories: governmental funds and proprietary funds.

**TOWN OF GREENSBORO, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2020**

**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 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 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 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, 2020**

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Town. 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, assets exceeded liabilities by \$2,921,095 at the close of the most recent fiscal year.

By far the largest portion of the Town's net position (78 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 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 \$625,003 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Town is able to report positive balances in 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, 2020**

**Town of Greensboro, Florida's Net Position**

	Governmental activities		Business-type activities		Total	
	2020	2019	2020	2019	2020	2019
<b>ASSETS</b>						
Current and other assets	\$ 823,410	\$ 736,310	\$ (2,943)	\$ 2,565	\$ 820,467	\$ 738,875
Capital assets	499,907	520,970	1,796,185	1,850,886	2,296,092	2,371,856
Total assets	<u>1,323,317</u>	<u>1,257,280</u>	<u>1,793,242</u>	<u>1,853,451</u>	<u>3,116,559</u>	<u>3,110,731</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>						
Deferred outflows relate to pensions	<u>43,226</u>	<u>42,264</u>	<u>10,805</u>	<u>10,566</u>	<u>54,031</u>	<u>52,830</u>
<b>LIABILITIES</b>						
Net pension liability	148,504	121,120	37,127	30,280	185,631	151,400
Other liabilities	9,046	660	28,359	27,209	37,405	27,869
Total Liabilities	<u>157,550</u>	<u>121,780</u>	<u>65,486</u>	<u>57,489</u>	<u>223,036</u>	<u>179,269</u>
<b>DEFERRED INFLOW OF RESOURCES</b>						
Deferred inflows related to pensions	<u>21,168</u>	<u>30,726</u>	<u>5,291</u>	<u>7,681</u>	<u>26,459</u>	<u>38,407</u>
<b>NET POSITION</b>						
Net investment in capital assets	499,907	520,970	1,796,185	1,850,886	2,296,092	2,371,856
Unrestricted	687,918	626,068	(62,915)	(52,039)	625,003	574,029
Total net position	<u>\$ 1,187,825</u>	<u>\$ 1,147,038</u>	<u>\$ 1,733,270</u>	<u>\$ 1,798,847</u>	<u>\$ 2,921,095</u>	<u>\$ 2,945,885</u>

**Governmental activities.** Governmental activities increased the Town's net position by \$40,787 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, 2020**

**Town of Greensboro, Florida's Changes in Net Position**

	Governmental activities		Business-type activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 103,200	\$ 103,164	\$ 80,143	\$ 81,099	\$ 183,343	\$ 184,263
Operating grants and contributions	46,658	47,165	-	-	46,658	47,165
Capital grants and contributions	41,423	-	-	-	41,423	-
General revenues:						
Taxes	40,105	38,539	-	-	40,105	38,539
Intergovernmental and other	138,046	164,841	-	-	138,046	164,841
Total revenues	<u>369,432</u>	<u>353,709</u>	<u>80,143</u>	<u>81,099</u>	<u>449,575</u>	<u>434,808</u>
Expenses:						
General government	128,780	115,029	-	-	128,780	115,029
Public safety	31,637	36,799	-	-	31,637	36,799
Physical environment	110,800	69,863	-	-	110,800	69,863
Transportation	57,428	51,789	-	-	57,428	51,789
Water	-	-	145,720	192,129	145,720	192,129
Total expenses	<u>328,645</u>	<u>273,480</u>	<u>145,720</u>	<u>192,129</u>	<u>474,365</u>	<u>465,609</u>
Increase (decrease) in net position	40,787	80,229	(65,577)	(111,030)	(24,790)	(30,801)
Net position - beginning of year	1,147,038	1,066,809	1,798,847	1,909,877	2,945,885	2,976,686
Net position - end of year	<u>\$ 1,187,825</u>	<u>\$ 1,147,038</u>	<u>\$ 1,733,270</u>	<u>\$ 1,798,847</u>	<u>\$ 2,921,095</u>	<u>\$ 2,945,885</u>

**Business-type activities.** In the most recent fiscal year, business-type activities decreased the Town's net position by \$65,577.

**Financial Analysis of the Government's Funds**

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

**Governmental funds.** The focus of the Town'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'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's *governmental funds* reported ending fund balances of \$814,364, an increase of \$78,714 in comparison with the prior year. Approximately 99 percent of this total amount, \$810,993, 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 280 percent of total governmental fund expenditures.

**TOWN OF GREENSBORO, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2020**

The fund balance of the Town's general fund increased by \$78,395 during the fiscal year ending September 30, 2020, 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'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 \$62,915. The total decrease in net position for the fund was \$65,577. Other factors concerning the finances of this fund have already been addressed in the discussion of the Town's business-type activities.

### **Capital Asset and Debt Administration**

**Capital assets.** The Town's investment in capital assets for its governmental and business type activities as of September 30, 2020, amounts to \$2,296,092 (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'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's budget for the 2020-2021 fiscal year.

### **Requests for Information**

This financial report is designed to provide a general overview of the Town'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, 2020**

	PRIMARY GOVERNMENT		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 547,261	\$ 2,665	\$ 549,926
Certificates of deposit	218,898	-	218,898
Receivables, net	13,137	7,095	20,232
Internal balances	41,062	(41,062)	-
Prepaid items	3,052	-	3,052
Restricted assets:			
Cash and cash equivalents	-	28,359	28,359
Capital assets:			
Land and construction in progress	16,100	5,000	21,100
Depreciable (net)	483,807	1,791,185	2,274,992
Total assets	<u>\$ 1,323,317</u>	<u>\$ 1,793,242</u>	<u>\$ 3,116,559</u>
DEFERRED OUTFLOW OF RESOURCES RELATED TO PENSIONS	<u>43,226</u>	<u>10,805</u>	<u>54,031</u>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	\$ 9,046	\$ -	\$ 9,046
Utility deposits	-	28,359	28,359
Non-current liabilities:			
Net pension liability	<u>148,504</u>	<u>37,127</u>	<u>185,631</u>
Total liabilities	<u>157,550</u>	<u>65,486</u>	<u>223,036</u>
DEFERRED INFLOW OF RESOURCES RELATED TO PENSIONS	<u>21,168</u>	<u>5,291</u>	<u>26,459</u>
<b>NET POSITION</b>			
Net investment in capital assets	499,907	1,796,185	2,296,092
Unrestricted	<u>687,918</u>	<u>(62,915)</u>	<u>625,003</u>
Total net position	<u>\$ 1,187,825</u>	<u>\$ 1,733,270</u>	<u>\$ 2,921,095</u>



**TOWN OF GREENSBORO, FLORIDA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
Governmental activities:				
General government	\$ 128,780	\$ 4,560	\$ -	\$ -
Public safety	31,637	-	31,992	-
Physical environment	110,800	98,640	-	41,423
Transportation	57,428	-	14,666	-
Total governmental activities	<u>328,645</u>	<u>103,200</u>	<u>46,658</u>	<u>41,423</u>
Business-type activities:				
Water	145,720	80,143	-	-
Total business-type activities	<u>145,720</u>	<u>80,143</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 474,365</u>	<u>\$ 183,343</u>	<u>\$ 46,658</u>	<u>\$ 41,423</u>

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
\$ (124,220)	\$ -	\$ (124,220)
355	-	355
29,263	-	29,263
(42,762)	-	(42,762)
<u>(137,364)</u>	<u>-</u>	<u>(137,364)</u>
-	(65,577)	(65,577)
-	(65,577)	(65,577)
<u>(137,364)</u>	<u>(65,577)</u>	<u>(202,941)</u>
40,105	-	40,105
109,188	-	109,188
28,858	-	28,858
<u>178,151</u>	<u>-</u>	<u>178,151</u>
40,787	(65,577)	(24,790)
<u>1,147,038</u>	<u>1,798,847</u>	<u>2,945,885</u>
<u>\$ 1,187,825</u>	<u>\$ 1,733,270</u>	<u>\$ 2,921,095</u>

**TOWN OF GREENSBORO, FLORIDA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2020**

	General	Special Revenue Fund	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 496,978	\$ 50,283	\$ 547,261
Certificate of deposit	218,898	-	218,898
Receivables, net	13,137	-	13,137
Due from other governments	-	-	-
Due from other funds	91,026	-	91,026
Prepaid items	3,052	-	3,052
<b>Total assets</b>	<b>\$ 823,091</b>	<b>\$ 50,283</b>	<b>\$ 873,374</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts payable and accrued expenses	\$ 9,046	\$ -	\$ 9,046
Due to other funds	-	49,964	49,964
<b>Total liabilities</b>	<b>9,046</b>	<b>49,964</b>	<b>59,010</b>
<b>Fund Balances</b>			
Nonspendable	3,052	-	3,052
Restricted	-	319	319
Unassigned	810,993	-	810,993
<b>Total fund balances</b>	<b>814,045</b>	<b>319</b>	<b>814,364</b>
<b>Total liabilities and fund balances</b>	<b>\$ 823,091</b>	<b>\$ 50,283</b>	

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 \$722,005.

499,907

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	43,226	
Net pension liability	(148,504)	
Deferred inflows related to pensions	(21,168)	
	<u>(126,446)</u>	<u>(126,446)</u>

Total net position of governmental activities \$ 1,187,825

**TOWN OF GREENSBORO, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	General	Special Revenue Fund	Total
<b>REVENUES</b>			
Taxes, licenses and permits	\$ 43,735	\$ -	\$ 43,735
Intergovernmental	155,846	41,423	197,269
Charges for services	99,570	-	99,570
Interest and other	20,358	8,500	28,858
<b>Total revenues</b>	<b>319,509</b>	<b>49,923</b>	<b>369,432</b>
<b>EXPENDITURES</b>			
<b>Current</b>			
General government	110,271	8,181	118,452
Public safety	28,898	-	28,898
Physical environment	47,890	41,423	89,313
Transportation	54,055	-	54,055
<b>Total expenditures</b>	<b>241,114</b>	<b>49,604</b>	<b>290,718</b>
Excess of revenues over expenditures	78,395	319	78,714
Net changes in fund balances	78,395	319	78,714
Fund balances - beginning	735,650	-	735,650
Fund balances - ending	<b>\$ 814,045</b>	<b>\$ 319</b>	<b>\$ 814,364</b>

**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, 2020**

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

Net change in fund balances - total governmental funds	\$	78,714
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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 (\$0) exceeds depreciation (\$21,063) in the current period.		(21,063)
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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		<u>(16,864)</u>
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Change in net position of governmental activities	\$	<u><u>40,787</u></u>
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**TOWN OF GREENSBORO, FLORIDA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
**SEPTEMBER 30, 2020**

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	<u>Water Fund</u>
<b>ASSETS</b>	
Current assets	
Cash and cash equivalents	\$ 2,665
Accounts receivable, net	7,095
Restricted assets:	
Cash and cash equivalents	<u>28,359</u>
Total current assets	<u>38,119</u>
Noncurrent assets	
Capital assets:	
Capital assets, net, where applicable of accumulated depreciation	<u>1,796,185</u>
Total assets	<u>1,834,304</u>
DEFERRED OUTFLOW OF RESOURCES RELATED TO PENSIONS	<u>10,805</u>
<b>LIABILITIES</b>	
Current liabilities	
Payable from restricted assets	
Utility deposits	28,359
Due to other funds	<u>41,062</u>
Total current liabilities	<u>69,421</u>
Non-current liabilities	
Net pension liability	<u>37,127</u>
Total non-current liabilities	37,127
Total liabilities	<u>106,548</u>
DEFERRED INFLOW OF RESOURCES RELATED TO PENSIONS	<u>5,291</u>
<b>NET POSITION</b>	
Net investment in capital assets	1,796,185
Unrestricted	<u>(62,915)</u>
Total net position	<u><u>\$ 1,733,270</u></u>

**TOWN OF GREENSBORO, FLORIDA**  
**STATEMENT OF REVENUES, EXPENSES, AND**  
**CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

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	<u>Water Fund</u>
Operating revenues	
Charges for services	\$ 80,052
Miscellaneous	91
	<hr/>
Total operating revenues	80,143
	<hr/>
Operating expenses	
Depreciation	54,701
Repairs and maintenance	7,807
Personnel Services	34,550
Professional services	24,664
Telephone and utilities	10,481
Small tools and supplies	3,361
Insurance	7,601
Office	2,061
Backflow testing program	494
Total operating expenses	145,720
	<hr/>
Change in net position	(65,577)
	<hr/>
Total net position - beginning of year	1,798,847
	<hr/>
Total net position - end of year	<u>\$ 1,733,270</u>

**TOWN OF GREENSBORO, FLORIDA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

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	Water Fund
Cash flows from operating activities:	
Receipts from customers	\$ 80,828
Payments to suppliers	(48,986)
Payments to employees	(30,332)
	1,510
Net cash provided by operating activities	1,510
Net increase in cash and cash equivalents	1,510
Cash and cash equivalents at beginning of year	29,514
Cash and cash equivalents at end of year	\$ 31,024
Reconciliation of net income (loss) to net cash provided by (used in) operating activities:	
Operating (loss)	\$ (65,577)
Depreciation	54,701
Change in Assets and Liabilities:	
(Increase) decrease in accounts receivable	(465)
(Increase) decrease in due from other funds	7,483
(Increase) decrease deferred outflow of resources	(239)
Increase (decrease) in accounts payable	1,150
Increase (decrease) net pension liability	6,847
Increase (decrease) deferred inflow of resources	(2,390)
	67,087
Total adjustments	67,087
Net cash provided by operating activities	\$ 1,510
Cash and cash equivalents classified as:	
Unrestricted	\$ 2,665
Restricted	28,359
Total cash and cash equivalents	\$ 31,024

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



**TOWN OF GREENSBORO, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**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 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, 2020**

**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, 2020**

**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, 2020**

**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, 2020**

**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, 2020**

**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, 2020**

**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 (the "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 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, 2020**

**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, 2020**

**II. Detailed Notes on All Funds**

**A. Deposits**

At year end, the carrying amount of the Town's cash and certificates of deposit was \$797,183, and the total of the bank balances was \$820,926. 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, 2020, are as follows:

	<u>General</u>	<u>Water</u>	<u>Total</u>
Accounts	\$ 5,240	\$ 7,095	\$ 12,335
Intergovernmental	<u>7,897</u>	<u>-</u>	<u>7,897</u>
Net total receivables	<u>\$ 13,137</u>	<u>\$ 7,095</u>	<u>\$ 20,232</u>

**TOWN OF GREENSBORO, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**II. Detailed Notes on All Funds (Continued)**

**C. Capital Assets**

Capital asset activity for the year ended September 30, 2020 was as follows:

	Balance Oct. 1, 2019	Additions	Reductions	Balance Sept. 30, 2020
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	<u>68,847</u>	<u>-</u>	<u>-</u>	<u>68,847</u>
Total capital assets, being depreciated	<u>1,205,812</u>	<u>-</u>	<u>-</u>	<u>1,205,812</u>
Less accumulated depreciation for:				
Buildings and improvements	(244,557)	(1,345)	-	(245,902)
Improvements other than buildings	(399,429)	(17,094)	-	(416,523)
Equipment, furniture, fixtures and vehicles	<u>(56,956)</u>	<u>(2,624)</u>	<u>-</u>	<u>(59,580)</u>
Total accumulated depreciation	<u>(700,942)</u>	<u>(21,063)</u>	<u>-</u>	<u>(722,005)</u>
Governmental activities				
Capital assets, net	<u>\$ 520,970</u>	<u>\$ (21,063)</u>	<u>\$ -</u>	<u>\$ 499,907</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	<u>(574,446)</u>	<u>(54,701)</u>	<u>-</u>	<u>(629,147)</u>
Total capital assets being depreciated, net	<u>1,845,886</u>	<u>(54,701)</u>	<u>-</u>	<u>1,791,185</u>
Business-type activities capital assets, net	<u>\$ 1,850,886</u>	<u>\$ (54,701)</u>	<u>\$ -</u>	<u>\$ 1,796,185</u>

**TOWN OF GREENSBORO, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

**II. Detailed Notes on All Funds (Continued)**

**C. Capital Assets (Continued)**

Depreciation expense charged to functions/programs for the year ended September 30, 2020 is as follows:

Governmental activities:	
General government	\$ 1,053
Public safety	1,053
Physical environment	<u>18,957</u>
Total depreciation	<u><u>\$ 21,063</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, 2020, are comprised of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Water Fund	\$ 41,062
General Fund	Special Revenue	<u>49,964</u>
		<u><u>\$ 91,026</u></u>

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, 2020**

**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 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, 2020, 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, 2020**

**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, 2020**

**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, 2019 through June 30, 2020 and from July 1, 2020 through September 30, 2020, respectively, were as follows: Regular—8.47% and 10.00%; Senior Management Service—25.41% and 27.29%; and DROP participants—14.60% and 16.98%. These employer contribution rates include 1.66% HIS Plan subsidy for the periods October 1, 2019 through September 30, 2020.

The Town's contributions, including employee contributions, to the FRS Pension Plan totaled \$11,504 for the fiscal year ended September 30, 2020. The Town's contributions to the HIS Pension Plan totaled \$1,694 for the fiscal year ended September 30, 2020.

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](http://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](mailto:rep@dms.myflorida.com); or at the Division's Web site ([www.frs.myflorida.com](http://www.frs.myflorida.com)).

**TOWN OF GREENSBORO, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

**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, 2020, the Town reported a liability of \$185,631 for its proportionate share of the net pension liability, \$151,046 related to FRS and \$34,585 to HIS. The net pension liability was measured as of June 30, 2020, 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, 2020 and June 30, 2019, the Town's FRS proportion was 0.000349% and 0.000354%, respectively. At June 30, 2020 and June 30, 2019, the Town's HIS proportion was 0.000283% and 0.000265%, respectively. For the year ended September 30, 2020, the Town's recognized pension expense of \$30,522 from FRS and \$3,765 from HIS, for a grand total of \$34,287.

*Deferred outflows/inflows related to pensions:*

At September 30, 2020, 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	\$ 5,781	\$ -	\$ 1,415	\$ (27)
Changes of assumptions	27,344	-	3,719	(2,011)
Net difference between projected and actual earnings on pension plan investments	8,993	-	28	-
Changes in proportionate share	977	(20,500)	2,624	(3,921)
Contributions subsequent to measurement date	2,720	-	430	-
Total	<u>\$ 45,815</u>	<u>\$ (20,500)</u>	<u>\$ 8,216</u>	<u>\$ (5,959)</u>

**TOWN OF GREENSBORO, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

**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, 2020. 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
2021	\$ 4,656	\$ 506
2022	7,252	375
2023	6,164	102
2024	3,685	238
2025	838	324
Thereafter	-	282
<b>Total</b>	<b>\$ 22,595</b>	<b>\$ 1,827</b>

*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, 2020**

**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 cost-sharing defined benefit plan was determined using the individual entry age actuarial cost method. Inflation increases for both plans is assumed at 2.40%. Payroll growth, including inflation, for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS Pension Plan investments is 6.80%. 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 the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 2.21% was used to determine the total pension liability for the program (Bond Buyer General Obligation 20-Bond Municipal Bond Index). Mortality assumptions for both the FRS Pension Plan and the HIS Program were based on the PUB-2010 base table.

The following changes in actuarial assumptions occurred in 2020:

- FRS: The long-term expected rate of return was decreased from 6.90% to 6.80%.
- HIS: The municipal bond rate used to determine total pension liability was decreased from 3.50% to 2.21%, 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.

**TOWN OF GREENSBORO, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**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 6.80 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 2020 by the outside investment consultant to the Florida State Board of Administration; and 2) a long-term average annual inflation assumption of 2.40 percent as adopted in October 2020 by the FRS Actuarial Assumption Conference. In the opinion of the FRS consulting actuary, Milliman, both components and the overall 6.80 percent return assumption were determined to be reasonable and appropriate per Actuarial Standards of Practice. The 6.80 percent reported investment return assumption differs from the 7.00 percent investment return assumption chosen by the 2020 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.

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	2.2%	2.2%	1.2%
Fixed income	19.0%	3.0%	2.9%	3.5%
Global equity	54.2%	8.0%	6.7%	17.1%
Real estate (property)	10.3%	6.4%	5.8%	11.7%
Private equity	11.1%	10.8%	8.1%	25.7%
Strategic investments	4.4%	5.5%	5.3%	6.9%
Total	100.00%			
Assumed inflation - mean			2.4%	1.7%

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

**TOWN OF GREENSBORO, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

**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
5.80%	6.80%	7.80%
\$ 241,195	\$ 151,046	\$ 75,753

HIS Net Pension Liability

1% Decrease	Current Discount Rate	1% Increase
1.21%	2.21%	3.21%
\$ 39,978	\$ 34,585	\$ 30,170

**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, 2020**

**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 April 30, 2021, 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\***

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	2020	2019	2018	2017	2016	2015	2014
Town of Greensboro's proportion of the net pension liability	0.000348503%	0.000353611%	0.000442894%	0.000515241%	0.000518677%	0.00050060%	0.000444071%
Town of Greensboro's proportionate share of the net pension liability	\$ 151,046	\$ 121,779	\$ 133,402	\$ 152,405	\$ 130,966	\$ 64,660	\$ 27,095
Town of Greensboro's covered-employee payroll	63,584	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	237.55%	206.27%	188.24%	172.11%	151.32%	65.82%	30.00%
Plan fiduciary net position as a percentage of the total pension liability	78.85%	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 three years.

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

	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 11,504	\$ 12,339	\$ 10,076	\$ 13,413	\$ 12,649	\$ 12,205	\$ 9,727
Contributions in relation to the contractually required contribution	(11,504)	(12,339)	(10,076)	(13,413)	(12,649)	(12,205)	(9,727)
Contribution deficiency (excess)	-	-	-	-	-	-	-
Town of Greensboro's covered-employee payroll	\$ 63,584	\$ 59,040	\$ 70,867	\$ 88,551	\$ 86,549	\$ 98,242	\$ 90,309
Contributions as a percentage of covered-employee payroll	18.09%	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 three 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\***

	2020	2019	2018	2017	2016	2015	2014
Town of Greensboro's proportion of the net pension liability	0.000283253%	0.000264731%	0.000278551%	0.000327384%	0.000322101%	0.031159500%	0.000301724%
Town of Greensboro's proportionate share of the net pension liability	\$ 34,585	\$ 29,621	\$ 29,482	\$ 35,005	\$ 37,540	\$ 31,778	\$ 28,212
Town of Greensboro's covered-employee payroll	63,584	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	54.39%	50.17%	41.60%	39.53%	43.37%	32.35%	31.24%
Plan fiduciary net position as a percentage of the total pension liability	3.00%	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 three years.

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

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	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 1,694	\$ 1,588	\$ 1,324	\$ 1,733	\$ 1,651	\$ 1,191	\$ 1,034
Contributions in relation to the contractually required contribution	(1,694)	(1,588)	(1,324)	(1,733)	(1,651)	(1,191)	(1,034)
Contribution deficiency (excess)	-	-	-	-	-	-	-
Town of Greensboro's covered-employee payroll	\$ 63,584	\$ 59,040	\$ 70,867	\$ 88,551	\$ 86,549	\$ 98,242	\$ 90,309
Contributions as a percentage of covered-employee payroll	2.66%	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 three 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, 2020**

	Budgeted Amounts			Variance with Final Budget - Favorable (Unfavorable)
	Original	Final	Actual	
<b>REVENUES</b>				
Taxes, licenses and permits	\$ 38,142	\$ 38,142	\$ 43,735	\$ 5,593
Intergovernmental	139,766	139,766	155,846	16,080
Charges for services	111,364	111,364	99,570	(11,794)
Interest and other	14,697	14,697	20,358	5,661
<b>Total revenues</b>	<b>303,969</b>	<b>303,969</b>	<b>319,509</b>	<b>15,540</b>
<b>EXPENDITURES</b>				
<b>Current</b>				
General government	138,400	138,400	110,271	28,129
Public safety	39,089	39,089	28,898	10,191
Physical environment	45,000	45,000	47,890	(2,890)
Transportation	69,000	69,000	54,055	14,945
Capital outlay	42,958	42,958	-	42,958
<b>Total expenditures</b>	<b>334,447</b>	<b>334,447</b>	<b>241,114</b>	<b>93,333</b>
Excess of revenues over expenditures	(30,478)	(30,478)	78,395	108,873
<b>OTHER FINANCING SOURCES (USES)</b>				
Reserve funds used	30,478	30,478	-	(30,478)
<b>Total Other Financing Sources (Uses)</b>	<b>30,478</b>	<b>30,478</b>	<b>-</b>	<b>(30,478)</b>
Net changes in fund balances	-	-	78,395	78,395
Fund balances - beginning	-	-	735,650	735,650
Fund balances - ending	\$ -	\$ -	\$ 814,045	\$ 814,045

**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, 2020**

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	<u>Budgeted Amounts</u>			Variance with Final Budget - Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Intergovernmental	\$ 60,000	\$ 60,000	\$ 41,423	\$ (18,577)
Other	-	-	8,500	8,500
	<u>60,000</u>	<u>60,000</u>	<u>49,923</u>	<u>(10,077)</u>
Total revenues				
Current				
General government	-	-	8,181	(8,181)
Physical environment	60,000	60,000	41,423	18,577
	<u>60,000</u>	<u>60,000</u>	<u>49,604</u>	<u>18,577</u>
Total Expenditures				
Excess of revenues over expenditures	-	-	319	8,500
Net changes in fund balances	-	-	319	8,500
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 319</u>	<u>\$ 8,500</u>

**TOWN OF GREENSBORO, FLORIDA**  
**NOTE TO THE SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES –BUDGET TO ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

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*

**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, and each major fund of Town of Greensboro, Florida as of and for the year ended September 30, 2020, 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 April 30, 2021.

**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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 certain deficiencies in internal control described below that we consider to be material weaknesses.

**2020-001: 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

**2020-002: Material Adjusting Journal Entries**

*Criteria* – A key element of financial reporting is the ability of management to select and apply the appropriate accounting principles to prepare the accounting records in accordance with generally accepted accounting principles.

*Condition* – It was noted during the audit that material adjusting entries were to various accounts were needed.

*Cause/Effect* – Failure to apply appropriate accounting principles caused various accounts to be materially misstated.

*Recommendation* – We recommend management reconcile accounts on a monthly basis to the underlying transaction records maintained outside of the accounting software.

*Classification* – Material Weakness

**2020-003: Bank Reconciliations**

*Criteria* – Monthly bank reconciliations ensure that all transactions affecting the cash account are properly recorded in the financial statements and that any errors are identified and corrected on a timely basis.

*Condition* – It was noted during the audit that bank reconciliations for the special revenue fund had not been performed monthly or at year end.

*Cause/Effect* – Failure to reconcile the differences on monthly bank reconciliations can lead to errors in the financial records that may not be detected and/or corrected. In this case, uncorrected reconciling errors caused the financial statements to be materially misstated prior to audit adjusting entries.

*Recommendation* – Monitoring is an important part of maintaining a strong control environment and we recommend that bank accounts be reconciled and reviewed monthly. Any unusual items should be promptly investigated and adjusted with adequate explanations.

*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. Town of Greensboro, Florida's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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

*Lanigan & Associates, PC*

Tallahassee, Florida  
April 30, 2021

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April 30, 2021

**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, 2020, and have issued our report thereon dated April 30, 2021.

**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 April 30, 2021, 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.

<b>Tabulation of Uncorrected Audit Findings</b>		
<b>Current Year Finding #</b>	<b>2017-18 FY Finding #</b>	<b>2016-17 FY Finding #</b>
2020-001	2019-001	2018-001

**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 communicate 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  
April 30, 2021

**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*

Tallahassee, Florida  
April 30, 2021

# LANIGAN & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS  
BUSINESS ADVISORS  
www.lanigancpa.com

## 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, 2020. 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, 2020.

*Lanigan & Associates, PC*

Tallahassee, Florida  
April 30, 2021

**TOWN OF GREENSBORO**  
P.O. BOX 66  
GREENSBORO, FLORIDA 32330-0066  
Phone: (850) 442-6215  
Fax: (850) 442-6660

April 30, 2021

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 the Independent Auditor's Report on Material Controls are provided:

2020-001 Segregation of Duties

The Town does not have optimal segregation of duties due to a lack of resources. We only have one employee involved with the day-to-day accounting. We have tried to implement mitigating controls with more involvement from the Town Council to reduce the risk associated with this issue. This has proven more difficult as a result of the COVID – 19 Pandemic.

2020-002 Material Adjusting Journal Entries

The Town's longtime accountant retired during the fiscal year being audited and just prior to the COVID -19 Pandemic. The new employee had to step in and become acclimated with the Town's accounting system and processes. This was a learning process but going forward we are confident these adjusting journal entries will be eliminated.

2020-003 Bank Reconciliations

We agree performing bank reconciliations is a critical internal control. Failure to reconcile differences on the bank reconciliations can lead to errors in the financial statement that may not be detected. Going forward the special revenue bank account will be reconciled in a timely manner along with the other bank accounts.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Dennis Henderson", written over a horizontal line.

Dennis Henderson  
Town Manager