

Town of Greenwood

ANNUAL FINANCIAL REPORT

September 30, 2020

Town of Greenwood, Florida

September 30, 2020

MAYOR

Suzanne NeSmith

COUNCIL MEMBERS

Bryan Johnson
Jackie Ditty
Mamie Vann

TOWN CLERK

Alicia Corder

AUDITORS

Grimsley & Associates, P.A.
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

GRIMSLEY & ASSOCIATES

Professional Association

Certified Public Accountants

MEMBER
FLORIDA INSTITUTE AND
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

OWEN W. GRIMSLEY, C.P.A.

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Town Council
Town of Greenwood
Greenwood, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Greenwood, Florida as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise Town of Greenwood, Florida's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Greenwood, 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 discussion and analysis and budgetary comparison information on pages 4-7 and 30 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Greenwood, Florida's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purpose of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2022, on our consideration of the Town of Greenwood, Florida's internal control over financial reporting on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Greenwood, Florida's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Greenwood, Florida's internal control over financial reporting and compliance.

Grimsley & Associates

Marianna, Florida
January 14, 2022

Grimsley & Associates, P.A.
Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS

Town of Greenwood
Management's Discussion and Analysis
Year Ended September 30, 2020

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

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

Financial Highlights

The assets of the Town of Greenwood exceeded its liabilities at September 30, 2020 by \$3,313,493 (net position). Of this amount, \$16,393 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.

As of September 30, 2020 the Town of Greenwood's governmental fund reported an ending fund balance of \$163,420 which is all unassigned.

During the current year, the Town spent grant funds totaling \$807,178 from USDA grant proceeds.

Town Highlights

- The Millage rate remains at 1.00 mill. The Town has never increased the Millage rate.
- The Town completed a \$1,141,000 grant/loan award project from the United States Department of Agriculture to install a new water well.

Using This Annual Report

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

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

Government-wide financial statements

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

Town of Greenwood
Management's Discussion and Analysis
Year Ended September 30, 2020

Fund financial statements

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

Notes to the financial statements:

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets exceeded liabilities by approximately \$3 million at the close of the fiscal year ended September 30, 2020.

CONDENSED STATEMENT OF NET POSITION

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 179,958	\$ 186,014	\$ 188,552	\$ 198,276	\$ 368,510	\$ 384,290
Non-current assets	820,275	421,871	2,476,825	1,514,916	3,297,100	1,936,787
Total Assets	1,000,233	607,885	2,665,377	1,713,192	3,665,610	2,321,077
Current and other liabilities	20,956	13,879	44,137	130,133	65,093	144,012
Long Term Liabilities	-	-	287,024	-	287,024	-
Total liabilities	20,956	13,879	331,161	130,133	352,117	144,012
Invested in capital assets, net of related debt	820,275	421,871	2,476,825	1,514,916	3,297,100	1,936,787
Unrestricted	159,002	172,135	(142,609)	68,143	16,393	240,278
Total net position	\$ 979,277	\$ 594,006	\$ 2,334,216	\$ 1,583,059	\$ 3,313,493	\$ 2,177,065

Town of Greenwood
Management's Discussion and Analysis
Year Ended September 30, 2020

Statement of Activities

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

CONDENSED STATEMENT OF ACTIVITIES

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Revenues						
Program Revenues						
Charges for services	\$ 27,941	\$ 28,832	\$ 148,905	\$ 140,730	\$ 176,846	\$ 169,562
Operating grants and contributions	15,929	-	-	-	15,929	-
Capital grants and contributions	-	-	807,178	217,015	807,178	217,015
Property taxes	11,831	13,113	-	-	11,831	13,113
Other taxes	223,368	227,234	-	-	223,368	227,234
Interest and investment earnings	-	1,346	-	695	-	2,041
Miscellaneous	425,742	94,455	470	2,779	426,212	97,234
Total revenues	704,811	364,980	956,553	361,219	1,661,364	726,199
Expenses						
Program activities:						
General government	154,747	253,142			-	253,142
Highways and streets	132,041	96,179			-	96,179
Culture and recreation	32,752	34,877			-	34,877
Business-type activities			205,396	168,651	205,396	168,651
Total expenses	319,540	384,198	205,396	168,651	524,936	552,849
Change in net assets	385,271	(19,218)	751,157	192,568	1,136,428	173,350
Net assets - beginning	594,006	613,224	1,583,059	1,390,491	2,177,065	2,003,715
Net assets - ending	\$ 979,277	\$ 594,006	\$ 2,334,216	\$ 1,583,059	\$ 3,313,493	\$ 2,177,065

Financial Analysis of the Town's Funds

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

General Fund Budgetary Highlights

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

Town of Greenwood
Management's Discussion and Analysis
Year Ended September 30, 2020

Capital Assets and Long-Term Debt

During the current year, the Town was still replacing and repairing assets due to damage related to Hurricane Michael. These repairs and/or replacement were covered by the Town's insurance. Detailed information about the Town's capital assets and long-term debt can be obtained in Notes 6 and 7 of the Town's notes to the financial statements.

Requests for Information

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

FINANCIAL STATEMENTS

Town of Greenwood
Statement of Net Position
September 30, 2020

	Primary Government		
	Governmental	Business-type	Total
	Activities	Activities	
ASSETS			
Cash and Cash Equivalents	\$ 103,920	\$ 123,954	\$ 227,874
Certificates of Deposit	51,857	15,315	67,172
Accounts Receivable	6,612	12,100	18,712
Grant Receivable	-	37,183	37,183
Due from other Governments	17,569	-	17,569
Capital Assets:			
Land, Improvements, and Construction In Progress	160,961	25,250	186,211
Other Capital Assets, Net of Depreciation	<u>659,314</u>	<u>2,451,575</u>	<u>3,110,889</u>
Total Capital Assets	<u>820,275</u>	<u>2,476,825</u>	<u>3,297,100</u>
Total Assets	<u>1,000,233</u>	<u>2,665,377</u>	<u>3,665,610</u>
LIABILITIES			
Accounts Payable and Accrued Expenses	16,538	39,161	55,699
Accrued Compensated Absences	4,418	-	4,418
Long Term Liabilities:			
Due within one year	-	4,976	4,976
Due in more than one year	<u>-</u>	<u>287,024</u>	<u>287,024</u>
Total Liabilities	<u>20,956</u>	<u>331,161</u>	<u>352,117</u>
NET POSITION			
Invested in Capital Assets, Net of Related Debt	820,275	2,476,825	3,297,100
Unrestricted	<u>159,002</u>	<u>(142,609)</u>	<u>16,393</u>
Total Net Position	<u>\$ 979,277</u>	<u>\$ 2,334,216</u>	<u>\$ 3,313,493</u>

The notes to the financial statements are an integral part of this statement.

Town of Greenwood
Statement of Activities
For the Year Ending September 30, 2020

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Primary Government Business-type Activities</u>	<u>Total</u>
Governmental Activities:							
General Government	\$ 154,747	\$ 673	\$ 15,929	\$ -	\$ (138,145)	\$ -	\$ (138,145)
Transportation	132,041	27,268	-	-	(104,773)	-	(104,773)
Culture/Recreation	<u>32,752</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(32,752)</u>	<u>-</u>	<u>(32,752)</u>
Total governmental activities	<u>319,540</u>	<u>27,941</u>	<u>15,929</u>	<u>-</u>	<u>(275,670)</u>	<u>-</u>	<u>(275,670)</u>
Business-type Activities:							
Water & Garbage	<u>205,396</u>	<u>148,905</u>	<u>-</u>	<u>807,178</u>	<u>-</u>	<u>750,687</u>	<u>750,687</u>
Total primary government	<u>\$ 524,936</u>	<u>\$ 176,846</u>	<u>\$ 15,929</u>	<u>\$ 807,178</u>	<u>(275,670)</u>	<u>750,687</u>	<u>475,017</u>
General Revenues:							
Taxes:							
Property taxes, levied for general purposes					11,831	-	11,831
Taxes - Other					223,368	-	223,368
Miscellaneous					<u>425,742</u>	<u>470</u>	<u>426,212</u>
Total General Revenues and Transfers					<u>660,941</u>	<u>470</u>	<u>661,411</u>
Change in Net Position					<u>385,271</u>	<u>751,157</u>	<u>1,136,428</u>
Net Position - beginning					<u>594,006</u>	<u>1,583,059</u>	<u>2,177,065</u>
Net Position - ending					<u>\$ 979,277</u>	<u>\$ 2,334,216</u>	<u>\$ 3,313,493</u>

The notes to the financial statements are an integral part of this statement.

Town of Greenwood
Balance Sheet
Governmental Funds
September 30, 2020

	General Fund	Total Governmental Funds
ASSETS		
Cash	\$ 103,920	\$ 103,920
Certificates of Deposit	51,857	51,857
Accounts Receivable	6,612	6,612
Due from other Governments	17,569	17,569
Total Assets	<u>\$ 179,958</u>	<u>\$ 179,958</u>
 LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts Payable and Accrued Expenses	\$ 16,538	\$ 16,538
Total Liabilities	<u>16,538</u>	<u>16,538</u>
 Fund Balances:		
Committed	93,489	93,489
Unassigned	69,931	69,931
Total Fund Balances	<u>163,420</u>	<u>163,420</u>
Total Liabilities & Fund Balances	<u>\$ 179,958</u>	<u>\$ 179,958</u>

The notes to the financial statements are an integral part of this statement.

Town of Greenwood
Reconciliation of Balance Sheet
To the Statement of Net Position
September 30, 2020

Total Fund Balances - Total Governmental Fund	\$ 163,420
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.	820,275
Some liabilities, including accrued compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(4,418)</u>
Total Net Position	<u>\$ 979,277</u>

The notes to the financial statements are an integral part of this statement.

Town of Greenwood
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ending September 30, 2020

	<u>General Fund</u>	<u>Total Governmental Funds</u>
REVENUES		
Taxes	\$ 126,662	\$ 126,662
Permits, Fees and Licenses	34,016	34,016
Intergovernmental Revenues	90,450	90,450
Charges for Services	27,941	27,941
Fines and Forfeitures	1,900	1,900
Miscellaneous Revenues	<u>6,891</u>	<u>6,891</u>
Total Revenues	<u>287,860</u>	<u>287,860</u>
EXPENDITURES		
Current:		
General Government	140,933	140,933
Transportation	111,008	111,008
Culture/Recreation	29,226	29,226
Capital Outlay	<u>437,627</u>	<u>437,627</u>
Total Expenditures	<u>718,794</u>	<u>718,794</u>
Excess (deficiency) of revenues over expenditures	<u>(430,934)</u>	<u>(430,934)</u>
OTHER FINANCING SOURCES (USES)		
Insurance Recoveries	<u>417,801</u>	<u>417,801</u>
Net Change in Fund Balances	<u>(13,133)</u>	<u>(13,133)</u>
Fund Balances - beginning	<u>176,553</u>	<u>176,553</u>
Fund Balances - ending	<u>\$ 163,420</u>	<u>\$ 163,420</u>

The notes to the financial statements are an integral part of this statement.

Town of Greenwood
 Reconciliation of the Statement of Revenues,
 Expenditures, and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Year Ending September 30, 2020

Net Change in Fund Balances - Total Governmental Funds	\$ (13,133)
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay \$437,068 exceeded depreciation \$38,765.	<u>398,303</u>
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Change in Net Position of Governmental Activities	<u>\$ 385,271</u>
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The notes to the financial statements are an integral part of this statement.

Town of Greenwood
Statement of Net Position – Proprietary Fund
September 30, 2020

	<u>Water & Garbage</u>
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 123,954
Certificates of Deposit	15,315
Accounts Receivable	12,100
Grant Receivable	<u>37,183</u>
Total Current Assets	<u>188,552</u>
Noncurrent Assets:	
Capital Assets:	
Land and Construction in Process	25,250
Buildings	15,724
Waterwork System	3,676,046
Machinery and Equipment	22,258
Less Accumulated Depreciation	<u>(1,262,453)</u>
Total Noncurrent Assets	<u>2,476,825</u>
Total Assets	<u>2,665,377</u>
LIABILITIES	
Current Liabilities:	
Bonds and Notes Payable	4,976
Accounts Payable and Accrued Expenses	<u>39,161</u>
Total Current Liabilities	<u>44,137</u>
Noncurrent Liabilities:	
Bonds and Notes Payable after One Year	<u>287,024</u>
Total Noncurrent Liabilities	<u>287,024</u>
Total Liabilities	<u>331,161</u>
NET POSITION	
Invested in Capital Assets, Net of Related Debt	2,184,825
Unrestricted	<u>149,391</u>
Total Net Position	<u>\$ 2,334,216</u>

The notes to the financial statements are an integral part of this statement.

Town of Greenwood
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund
For the Year Ending September 30, 2020

	<u>Water & Garbage</u>
OPERATING REVENUES:	
Charges for Services	\$ 148,885
Miscellaneous Revenue	<u>20</u>
Total Operating Revenue	<u>148,905</u>
OPERATING EXPENSES:	
Personnel Services	45,300
Contractual Services	33,700
Professional Services	5,562
Utility Service	7,436
Repairs and Maintenance	10,548
Operating Supplies and Miscellaneous	28,010
Depreciation	<u>74,999</u>
Total Operating Expenditures	<u>205,555</u>
Operating Loss	<u>(56,650)</u>
NONOPERATING REVENUES(EXPENSES)	
Interest Income	<u>629</u>
Total Nonoperating Revenue (Expenses)	<u>629</u>
Income (loss) before contributions and transfers	(56,021)
Contributed Capital	<u>807,178</u>
Change in net position	<u>751,157</u>
NET POSITION, BEGINNING OF YEAR	<u>1,583,059</u>
NET POSITION, END OF YEAR	<u>\$ 2,334,216</u>

The notes to the financial statements are an integral part of this statement.

Town of Greenwood
Statement of Cash Flows – Proprietary Fund
For the Year Ending September 30, 2020

	<u>Water & Garbage</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 148,033
Payments to Suppliers	(82,797)
Payments to Employees	<u>(45,300)</u>
Net Cash used in Operating Activities	<u>19,936</u>
 Cash Flows from Capital and Related Financing Activities:	
Capital Contributions	1,119,968
Purchases of capital assets	<u>(1,130,339)</u>
Net Cash Provided by Capital and Related Financing Activities	<u>(10,371)</u>
 Cash Flows from Investing Activities Activities:	
Change in investment principal	(225)
Interest Earned	<u>629</u>
Net Cash used in noncapital financing activities:	<u>404</u>
 Net Increase in Cash and Cash Equivalents	 9,969
 Cash and Cash Equivalents, beginning of year	 <u>113,985</u>
Cash and Cash Equivalents, end of year	<u>\$ 123,954</u>
 Reconciliation of Operating Loss to Net Cash Used in Operating Activities	
Operating Loss	\$ (56,650)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:	
Depreciation	74,999
(Increase) decrease in accounts receivable, net	(872)
Increase (decrease) in accounts payable	<u>2,459</u>
Net Cash used in Operating Activities	<u>\$ 19,936</u>

The notes to the financial statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

Town of Greenwood
Notes to Financial Statements
September 30, 2020

NOTE 1 – REPORTING ENTITY

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

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units, if any, for which the primary government is financially accountable. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and, b) grants and contributions that are restricted to meeting the operation or capital requirements of a particular function or segment.

Town of Greenwood
Notes to Financial Statements
September 30, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Government-wide and Fund Financial Statements - continued

Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

The Town reports the following major governmental fund:

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

The Town reports the following major proprietary funds:

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

Town of Greenwood
Notes to Financial Statements
September 30, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Measurement Focus, Basis of Accounting, and Financial Statement Presentation – Continued

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

Budgets and Budgetary Accounting

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

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

Cash and Cash Equivalents

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

Investments

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

Receivables

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

Due from (to) Other Funds

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

Capital Assets

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

Town of Greenwood
Notes to Financial Statements
September 30, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Capital Assets - Continued

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

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

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

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

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

Compensated Absences

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

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

Town of Greenwood
Notes to Financial Statements
September 30, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Property Taxes

Under Florida law, the assessment of all properties and the collection of all County, municipal and school board property taxes are consolidated into the offices of the Property Appraiser and Tax Collector. The laws of the state regulating tax assessment are also designed to assure a consistent property valuation method statewide. Florida Statutes permit municipalities to levy property taxes at a rate of up to 10 mills for general operations. The Town's millage rate for the year ended September 30, 2020, was 1 mill.

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

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

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

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

Designations of Fund Equity

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

- Nonspendable Fund Balance – amounts cannot be spent because either they are not in a spendable form or legally or contractually required to be maintained intact.
- Restricted Fund Balance – amounts that are restricted for specific purposes.
- Committed Fund Balance – amounts can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority.
- Assigned Fund Balance – amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.
- Unassigned Fund Balance – amounts that are not otherwise reserved or designated.

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

Town of Greenwood
Notes to Financial Statements
September 30, 2020

NOTE 2 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Use of Estimates

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

Use of Restricted Assets

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

Long-term Obligations

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

Subsequent Events

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

NOTE 3 – CASH AND INVESTMENTS

At September 30, 2020, the carrying amount of the Town's cash and cash equivalents and investments in certificates of deposit was \$295,046 and the bank balance was \$315,251. The bank balance was covered by federal depositor insurance and, for the amount in excess of such federal depository insurance, by the State of Florida's Public Deposit Act. Provisions of the Act require that public deposits may only be made at qualified public depositories. The Act Requires each qualified public depository to deposit with the State Treasurer eligible collateral equal to or in excess of the required collateral as determined by the provisions of the Act. In the event of a failure by a qualified public depository, losses in excess of federal depository insurance and proceeds from the sale of securities pledged by the defaulting depository are assessed against the other qualified public depositories of the same type as the depository in default. When other qualified public depositories are assessed additional amounts, they are assessed on a pro-rata basis.

Credit Risk

At September 30, 2020, the Town did not hold any deposits or investment that were considered to have credit risk.

Interest Rate Risk

At September 30, 2020, the Town did not hold any investments that were considered to have interest rate risk.

Custodial Credit Risk

At September 30, 2020, the Town did not hold any deposits or investments that were considered to have custodial credit risk.

Town of Greenwood
Notes to Financial Statements
September 30, 2020

NOTE 3 – CASH AND INVESTMENTS – Continued

Concentration of Credit Risk

At September 30, 2020, the Town did not hold any investments that were considered to have concentration of credit risk.

Foreign Currency Risk

At September 30, 2020, the Town did not hold any investments that were considered to have foreign currency risk.

The Town invested funds in three certificates of deposit with six to twelve month maturities. At September 30, 2020, the carrying value of these funds was \$67,172 which approximates fair value. The certificates of deposit are considered investments and reported as “certificates of deposit” on the statement of net position at September 30, 2020.

Fair Value Measurement and Application

Governmental entities are required to record investment at fair value unless exception applies and disclose the fair value measurement and hierarchy. Paragraph 69 of GASB 72 list several investments that should be measured as described in GASB Statement 31 which includes investments in nonparticipating interest-earning investment contracts (certificates of deposit) and money market investments that have a maturity at the time of purchase of one year or less. September 30, 2020, the Town’s investment consisted of non-negotiable certificates of deposit which are recorded at cost and are excluded from fair value measurement.

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

NOTE 4 – ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at September 30, 2020:

	General	Proprietary	Total
Trade Accounts	6,612	12,100	\$ 18,712
Accounts Receivable	\$ 6,612	\$ 12,100	\$ 18,712

No allowances for uncollectible accounts are considered necessary.

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

Town of Greenwood
Notes to Financial Statements
September 30, 2020

NOTE 5 – DUE FROM OTHER GOVERNMENTS

Due from other governments consists of funds earned as of September 30, 2020 but not year received by the Town. The majority of these amounts were received in October and November 2020.

NOTE 6 – CAPITAL ASSETS

Governmental asset activity for the year ending September 30, 2020 was as follows:

	<u>Beginning</u>			<u>Ending</u>
	<u>Balance</u>	<u>Increases</u>	<u>Deletions</u>	<u>Balances</u>
Governmental Activities:				
Capital assets not being depreciated				
Land and improvements	\$ 160,961	\$ -	\$ -	\$ 160,961
Capital assets, being depreciated:				
Buildings and equipment	264,507	383,595	-	648,102
Improvements other than buildings	467,866	3,000		470,866
Equipment	<u>141,172</u>	<u>50,473</u>	<u>-</u>	<u>191,645</u>
Total capital assets being depreciated:	<u>873,545</u>	<u>437,068</u>	<u>-</u>	<u>1,310,613</u>
Buildings	(143,377)	(11,471)	-	(154,848)
Improvements other than buildings	(331,056)	(22,512)		(353,568)
Equipment	<u>(138,101)</u>	<u>(4,782)</u>		<u>(142,883)</u>
Total accumulated depreciation	<u>(612,534)</u>	<u>(38,765)</u>	<u>-</u>	<u>(651,299)</u>
Total Governmental Capital Assets	<u>\$ 421,972</u>	<u>\$ 398,303</u>	<u>\$ -</u>	<u>\$ 820,275</u>

Town of Greenwood
Notes to Financial Statements
September 30, 2020

NOTE 6 – CAPITAL ASSETS - Continued

Depreciation expense was charged to governmental activities as follows:

General government	\$ 5,331
Transportation	29,908
Culture/Recreation	<u>3,526</u>
Total governmental depreciation expense	<u>\$ 38,765</u>

Business Type asset activity for the year ending September 30, 2020 was as follows:

	<u>Balance</u>	<u>Increases</u>	<u>Deletions</u>	<u>Balances</u>
Business Type Activities:				
Capital assets not being depreciated				
Land and improvements	\$ 25,250	\$ -	\$ -	\$ 25,250
Construction in Process	<u>70,322</u>	<u>-</u>	<u>70,322</u>	<u>-</u>
Total capital assest not being depreciated	<u>95,572</u>	<u>-</u>	<u>70,322</u>	<u>25,250</u>
Capital assets, being depreciated:				
Buildings and Equipment	<u>2,606,798</u>	<u>1,107,230</u>	<u>-</u>	<u>3,714,028</u>
Total capital assets being depreciated:	<u>2,606,798</u>	<u>1,107,230</u>	<u>-</u>	<u>3,714,028</u>
Less accumulated depreciation for:				
Building and Equipment	<u>(1,187,454)</u>	<u>(74,999)</u>	<u>-</u>	<u>(1,262,453)</u>
Total accumulated depreciation	<u>(1,187,454)</u>	<u>(74,999)</u>	<u>-</u>	<u>(1,262,453)</u>
Tota Business-Type Capital Assets	<u>\$ 1,514,916</u>	<u>\$1,032,231</u>	<u>\$ 70,322</u>	<u>\$ 2,476,825</u>

Town of Greenwood
Notes to Financial Statements
September 30, 2020

NOTE 7 – LONG-TERM DEBT

Revenue Bonds:

Water Revenue Bond - Series 2019

Authorized and issued \$200,000, interest at 2.00%, principal and interest payable annually on September 13, with principal payments beginning in 2021, collateralized by net revenues of the system. \$ 200,000

Water Revenue Bond - Series 2019

Authorized and issued \$92,000, interest at 2.125%, principal and interest payable annually on September 13, with principal payments beginning in 2021, collateralized by net revenues of the system. 92,000

Total business-type activities \$ 292,000

The following is the debt service requirements for the business type activities revenue bonds at September 30, 2020:

<u>Due Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2021	\$ 4,976	\$ 5,955	\$ 10,931
2022	5,077	5,854	10,931
2023	5,181	5,750	10,931
2024	5,287	5,644	10,931
2025	5,394	5,537	10,931
2026-2030	28,667	25,988	54,655
2031-2035	31,711	22,944	54,655
2036-2040	35,079	19,576	54,655
2041-2045	38,805	15,850	54,655
2046-2050	42,927	11,728	54,655
2051-2055	47,487	7,168	54,655
2056-2060	41,409	2,127	43,536
	<u>\$ 292,000</u>	<u>\$ 134,121</u>	<u>\$ 426,121</u>

Town of Greenwood
Notes to Financial Statements
September 30, 2020

Long-term debt activity of the Town at September 30, 2020, is as follows:

	<u>Beginning</u>			<u>Ending</u>	<u>Amounts</u>
	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balances</u>	<u>Due Within</u>
					<u>One Year</u>
GOVERNMENTAL ACTIVITIES					
Compensated absences	\$ 4,418	\$ 4,590	\$ 4,590	\$ 4,418	\$ 2,978
Total Governmental Activities	<u>\$ 4,418</u>	<u>\$ 4,590</u>	<u>\$ 4,590</u>	<u>\$ 4,418</u>	<u>\$ 2,978</u>
BUSINESS TYPE ACTIVITIES					
Revenue bonds	\$ -	\$ 292,000	\$ -	\$ 292,000	\$ 4,976
Total Business Type Activities	<u>\$ -</u>	<u>\$ 292,000</u>	<u>\$ -</u>	<u>\$ 292,000</u>	<u>\$ 4,976</u>

NOTE 8 – BOND RESOLUTION REQUIREMENTS

Proprietary Fund Type – Enterprise Fund – Water System

The Resolution 2019-06 and supplemented by Resolution 2019-07 adopted September 10, 2019 requires the establishment of certain “trust funds” to ensure repayment of the Water System Revenue Bonds. A summary of these requirements is as follows:

- A. All cash income from the ownership and operation of the system shall be deposited into the “Revenue Fund” on or before the 15th day of each month. Transfers are to be made to certain funds.
- B. The “Operation and Maintenance” Fund is to be used exclusively for the purpose of received funds transferred monthly from the revenue fund and for paying the operating and maintenance expenses of the system pursuant to the annual budget.
- C. The “Sinking Fund” is to be used exclusively for the purpose of paying principal and interest on the bonds and is to be funded by transferring each month from the “Revenue Fund” one-twelfth of the next annual interest and principal requirement.
- D. The “Reserve Account” is to be established by transferring on or before the 15th of each month from the “Revenue Fund” the sum of one-twelfth of one-tenth of the Maximum Bond Service Requirement until such time as the funds therein shall equal the Maximum Bond Service requirement, and monthly thereafter such amount as may be necessary to maintain the Maximum Bond Service Requirement in the Reserve Account, but not exceeding one-twelfth of one-tenth of the Maximum Bond Service Requirement Monthly. Moneys in the Reserve Account shall be used only for (1) paying the principal of and interest on the Bonds in the event that the moneys in the Sinking Fund shall ever be insufficient to meet such payments, (2) paying the cost of repairing or replacing any damage to the System which shall be caused by an unforeseen catastrophe, (3) constructing improvements or extensions to the System which shall increase its Net and which shall be approved by the Consulting Engineers, if the Issuer shall not then be in default under any of the provisions of the resolution, and (4) repaying governmental advances as provided under the Resolution.

Town of Greenwood
Notes to Financial Statements
September 30, 2020

NOTE 8 – BOND RESOLUTION REQUIREMENTS - Continued

- E. Excess Funds not required by the above accounts are to be transferred to the Water and Sewer system Revenue Bonds Redemption Account. This account is to be used to redeem the Bonds in inverse order to acquire outstanding bonds subject to limitations.

NOTE 9 – EMPLOYEE BENEFITS

Employees who have completed six months of service with the Town participate in a defined contribution plan under Florida Municipal Pension Trust Plan, administered by the Florida League of Cities. Payments amounting to 5% of the gross salaries of each eligible employee are made annually by the Town to the Plan Administrator. The Town's contribution to the plan for the fiscal year ended September 30, 2020, 2019, and 2018 were \$3,021, \$2,961 and \$3,917. Total payroll for 2019-2020 was \$136,920. One hundred percent (100%) vesting occurs after three service year. The accounts of non-vested terminated employees are forfeited and can be used to reduce future participating employer contributions.

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

NOTE 10 – FUND BALANCE

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

Spendable fund balances are classified based on a hierarchy of the Town's ability to control the spending of these fund balances and are reported in the following categories; restricted, committed, assigned and unassigned. For the year ended September 30, 2020, the Town reports net assets as committed and unassigned. Restricted net assets have externally imposed constraints placed on the use of resources by creditors, grantors, contributors, laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Assigned net assets have constraints placed on the use of resources by the Town's intent to use the resources for a specific purpose. Unassigned fund balances have not been restricted, committed or assigned to specific purposes within the general fund.

Spendable fund balances are classified based on a hierarchy of the Town's ability to control the spending of these fund balances and are reported in the following categories; restricted, committed, assigned and unassigned. For the year ended September 30, 2020, the Town reports net assets as unassigned. Restricted net assets have externally imposed constraints placed on the use of resources by creditors, grantors, contributors, laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Assigned net assets have constraints placed on the use of resources by the Town's intent to use the resources for a specific purpose. Unassigned fund balances have not been restricted, committed or assigned to specific purposes within the general fund. In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is generally depleted in the order of restricted, committed, assigned and unassigned.

Town of Greenwood
Notes to Financial Statements
September 30, 2020

NOTE 11 – RISK MANAGEMENT

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

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

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

NOTE 12 – LITIGATION AND CONTINGENT LIABILITIES

The Town had two lawsuits pending as of year-end. The Town turned the lawsuits over to the insurance carrier who is defending the cases. Subsequent to year end, both cases were resolved with insurance funds without expense to the Town.

In March 2020, the World Health Organization declared the coronavirus (COVID-19) a pandemic. As a result, local and financial markets experienced significant declines and local economies were greatly affected. The Federal Government passed the Coronavirus Aid, Relief, and Economic Security Act to address the fallout from COVID-19. These funds will pass through the State of Florida. No funds had been distributed the Town as of date of this report and no adjustments have been made to the accompanying financial statements.

The Town of Greenwood was greatly impacted by Hurricane Michael in October 2018. The Town has been working tirelessly to repair and/or replace infrastructure and other assets damaged during the storm. The Town has insurance that has assessed the damages and is working through the repair process. The Town will have some cost that will not be recovered through insurance and will seek funding from the Federal Emergency Management Agency (FEMA). This amount is neither measurable or available at year end and therefore no adjustments have been made to the accompanying financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

Required Supplementary Information
Town of Greenwood, Florida
Budgetary Comparison Schedule – General Fund
For the Year Ended September 30, 2020

	Budgeted Amounts		Actual Amounts
	Original	Final	(GAAP Basis)
REVENUES			
Taxes	\$ 111,416	\$ 111,416	\$ 126,662
Permits, Fees and Licenses	36,450	36,450	34,016
Intergovernmental Revenues	125,722	125,722	90,450
Charges for Services	36,764	36,764	27,941
Fines and Forfeitures	-	-	1,900
Miscellaneous Revenues	6,700	6,700	6,891
Total Revenues	317,052	317,052	287,860
EXPENDITURES			
Current:			
General Government	158,001	158,001	140,933
Transportation	100,747	100,747	111,008
Culture/Recreation	30,661	30,661	29,226
Capital Outlay	454,606	454,606	437,627
Total Expenditures	744,015	744,015	718,794
Excess (deficiency) of revenues over expenditures	(426,963)	(426,963)	(430,934)
OTHER FINANCING SOURCES (USES)			
Insurance Recoveries	417,606	417,606	417,801
Net Change in Fund Balances	(9,357)	(9,357)	(13,133)
Fund Balances - beginning	176,553	176,553	176,553
Fund Balances - ending	\$ 167,196	\$ 167,196	\$ 163,420

Note: This schedule is prepared on the modified accrual basis of accounting.

The notes to the financial statements are an integral part of this statement.

Town of Greenwood, Florida
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2020

<u>GRANTOR/ PROGRAM TITLE</u>	<u>CFDA NUMBER</u>	<u>CONTRACT/GRANT NUMBER</u>	<u>CURRENT EXPENDITURES</u>
<u>FEDERAL AWARDS</u>			
United States Department of Agriculture Water and Waste Disposal Systems for Rural Communities	10.760	09-032-0591263180	<u>1,061,995</u>
Total Expenditures of Federal Financial Assistance			<u>\$ 1,061,995</u>

NOTES TO SCHEDULE:

- A. This schedule is expenditures of federal awards (the Schedule) includes the federal award activity of the Town of Greenwood, Florida under programs of the federal government for the year ended September 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town of Greenwood, Florida, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Town of Greenwood, Florida.
- B. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- C. The Town of Greenwood, Florida has elected to use the 10% de minimum indirect cost rate as allowed under the Uniform Guidance.

GRIMSLEY & ASSOCIATES

Professional Association

Certified Public Accountants

MEMBER
FLORIDA INSTITUTE AND
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

OWEN W. GRIMSLEY, C.P.A.

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES

Honorable Mayor and Town Council
Town of Greenwood
Greenwood, Florida

We have examined Town of Greenwood, Florida's compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2020. Management is responsible for Town of Greenwood, Florida's compliance with those requirements. Our responsibility is to express an opinion on Town of Greenwood, Florida's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Town of Greenwood, Florida complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Town of Greenwood, Florida complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that our examination provides a reasonable basis for our opinion.

Our examination does not provide a legal determination on Town of Greenwood, Florida's compliance with specified requirements.

In our opinion, Town of Greenwood, Florida complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2020.

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

Grimsley & Associates

Marianna, Florida
January 14, 2022

Grimsley and Associates, P.A.
Certified Public Accountants

GRIMSLEY & ASSOCIATES

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OWEN W. GRIMSLEY, C.P.A.

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*

Honorable Mayor and Town Council
Town of Greenwood
Greenwood, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audit contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Greenwood, Florida, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Town of Greenwood, Florida's basic financial statements and have issued our report thereon dated January 14, 2022.

Internal Control over Financial Reporting

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

Honorable Mayor and Town Council
Town of Greenwood
Greenwood, Florida

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2007-001 that we consider to be a material weakness.

Compliance and Other Matters

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

Town's Response to Findings

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

Purpose of this Report

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

Grimsley & Associates

Marianna, Florida
January 14, 2022

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OWEN W. GRIMSLEY, C.P.A.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Honorable Mayor and Town Council
Town of Greenwood
Greenwood, Florida

Report on Compliance for Each Major Federal Program

We have audited the Town of Greenwood, Florida's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town of Greenwood, Florida's major federal programs for the year ended September 30, 2020. The Town of Greenwood, Florida's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Greenwood, Florida's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Greenwood, Florida's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town of Greenwood, Florida's compliance.

Honorable Mayor and Town Council
Town of Greenwood
Greenwood, Florida

Opinion on Each Major Federal Program

In our opinion, the Town of Greenwood, Florida, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2020.

Report on Internal Control over Compliance

Management of the Town of Greenwood, Florida, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Greenwood, Florida's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Greenwood, Florida's internal control over compliance.

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

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

Honorable Mayor and Town Council
Town of Greenwood
Greenwood, Florida

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Grimsley & Associates

Marianna, Florida
January 14, 2022

Grimsley & Associates, P.A.
Certified Public Accountants

Town of Greenwood, Florida
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2020

Section 1 – Summary of Auditor’s Results

1. The auditor’s report expresses an unmodified opinion on the statement of financial position of the Town of Greenwood, Florida as of September 30, 2020.
2. No significant deficiencies were disclosed and one material weakness was disclosed during the audit of the financial statements and is reported in the 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*.
3. No instances of noncompliance material to the financial statements of the Town of Greenwood, Florida, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. There were no significant deficiencies or material weaknesses relative to the major federal award programs for the Town of Greenwood, Florida.
5. The auditor’s report on compliance for the major federal award programs for Town of Greenwood, Florida expresses an unmodified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in this Schedule.
7. The projects tested as major projects included the following:

<u>Federal Program</u>	<u>Federal CFDA No.</u>
United States Department of Agriculture Water and Waste Disposal Systems For Rural Communities	10.760

8. The threshold for distinguishing Type A or Type B programs was \$750,000 for major federal programs.
9. The Town of Greenwood did not qualify as a low-risk auditee.

Town of Greenwood, Florida
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2020

2007-001

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

Condition – The Town relies on the external auditor to assist with preparing and explaining financial statements in conformity with generally accepted accounting principles.

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

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

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

Honorable Mayor and GRIMSLEY & ASSOCIATES
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OWEN W. GRIMSLEY, C.P.A.

INDEPENDENT AUDITOR'S REPORT TO TOWN MANAGEMENT

Honorable Mayor and Town Council
Town of Greenwood
Greenwood, Florida

Report on the Financial Statements

We have audited the financial statements of the Town of Greenwood, Florida (the "Town") as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated January 14, 2022.

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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, *Rules of the Auditor General*.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated January 14, 2022, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Post Office Box 220 · Lafayette Street · Marianna, Florida 32447-0220 · 850-526-3910 · FAX 850-482-6019

Honorable Mayor and Town Council
Town of Greenwood
Greenwood, Florida

Prior Year Findings and Recommendations

The management letter items are as follows:

None

The schedule of findings and questioned costs items are as follows:

Tabulation of Uncorrected Audit Findings		
Current Year Finding #	2018-19 FY Finding #	2017-18 FY Finding #
2007-001	2007-001	2007-001

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 the notes to the financial statements.

Financial Condition and Management

Sections 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 the Town of Greenwood, Florida has met one or more of the conditions described in Section 218.503(1) Florida Statutes, and to identify the specific conditions met. In connection with our audit, we determined that the Town of Greenwood, 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 Greenwood, Florida. It is management's responsibility to monitor the Town of Greenwood, Florida's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same.

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

Honorable Mayor and Town Council
Town of Greenwood
Greenwood, Florida

Additional Matters

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

Purpose of this Letter

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

Marianna, Florida
January 14, 2022

Grimsley & Associates

Grimsley and Associates, P.A.
Certified Public Accountants



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

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

Response: In an attempt to rectify the deficiencies in Finding 2007-001, the Town of Greenwood is a small municipality and it would be cost prohibitive to hire additional personnel to prepare the financial statements in accordance with the GAAP standards prior to the annual audit. We will continue to utilize our auditors to provide financial advice on certain issues when necessary.