CITY OF GRANTVILLE, GEORGIA

AUDITED FINANCIAL STATEMENTS
AND
SUPPLEMENTAL INFORMATION

SEPTEMBER 30, 2019

Gerald G. Pentecost, Jr., CPA

Certified Public Accountants

CITY OF GRANTVILLE, GEORGIA

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FINANCIAL SECTION

GGPCPA

Gerald G. Pentecost, Jr., CPA
116 Church Street, Suite 1
Rainbow City, Alabama 35906
(256)459-4310
Fax (866)268-3816

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

To the City Council
Grantville, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Grantville, Georgia, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual on page 38 and the Special Revenue Fund Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual on page 39 and 40 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Grantville, Georgia's basic financial statements. The introductory section, and the Schedule of Expenditures of Special Purpose Local Option Sales Tax required by the Official Code of Georgia 48-8-121 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Special Purpose Local Option Sales Tax 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and

reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Special Purpose Local Option Sales Tax 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 March 23, 2020 on our consideration of the City of Grantville, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Grantville, Georgia's internal control over financial reporting and compliance.



Rainbow City, Alabama
March 23, 2020

CITY OF GRANTVILLE, GEORGIA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 1,927,974	$ 2,194,973	$ 4,122,947
Investments	169,782	-	169,782
Taxes receivable, net of allowances	516,882	-	516,882
Accounts receivable, net of allowances	5,811	413,785	419,596
Due from other governments	58,289	-	58,289
Due from other funds	300	-	300
Inventory	-	5,202	5,202
Prepaid assets	16,533	4,858	21,391
Restricted cash	-	333,704	333,704
Restricted investments	-	619,610	619,610
Capital assets:			
Non-depreciable	166,862	58,494	225,356
Depreciable, net of accumulated depreciation	5,235,546	9,235,653	14,471,199
Total Assets	$ 8,097,979	$ 12,866,279	$ 20,964,258
LIABILITIES			
Accounts payable	$ 56,442	$ 161,021	$ 217,463
Accrued liabilities	41,163	18,556	59,719
Due to other funds	-	250	250
Customer deposits payable	-	218,911	218,911
Compensated absences, due within one year	31,662	7,165	38,827
Notes payable, due within one year	-	106,689	106,689
Notes payable, due in more than one year	-	484,371	484,371
Bonds payable, due within one year	-	20,663	20,663
Bonds payable, due in more than one year	-	390,181	390,181
Total Liabilities	129,267	1,407,807	1,537,074
NET POSITION			
Net investment in capital assets	5,402,408	8,292,243	13,694,651
Restricted for:			
Public safety	147,389	-	147,389
Capital projects	1,305,338	-	1,305,338
Public works	-	876,951	876,951
Debt Service	-	76,363	76,363
Unrestricted	1,113,577	2,212,915	3,326,492
Total Net Position	7,968,712	11,458,472	19,427,184
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 8,097,979	$ 12,866,279	$ 20,964,258

CITY OF GRANTVILLE, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Functions	**Expenses**	*Program Revenues*			*Net (Expense) Revenue and Changes in Net Position*		
		Fees, Fines and Charges for Services	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-type Activities**	**Total**
Governmental Activities:							
General government	$ 367,143	$ 158,529	$ 76,501	$ 63,494	$ (68,619)	$ -	$ (68,619)
Judicial	154,915	336,737	-	-	181,822	-	181,822
Public safety	1,661,531	99,462	-	52,841	(1,509,228)	-	(1,509,228)
Public works	614,000	-	-	270,376	(343,624)	-	(343,624)
Health and welfare	206,519	-	157,420	-	(49,099)	-	(49,099)
Culture and recreation	161,774	-	-	128,452	(33,322)	-	(33,322)
Housing and development	32,733	-	-	-	(32,733)	-	(32,733)
Total Governmental Activities	3,198,615	594,728	233,921	$ 515,163	(1,854,803)		(1,854,803)
Business-type Activities:							
Water and sewer	1,018,922	954,001	-	-	-	(64,921)	(64,921)
Electric	1,247,962	1,511,758	-	-	-	263,796	263,796
Gas	338,092	461,953	-	-	-	123,861	123,861
Solid waste	199,583	202,903	-	-	-	3,320	3,320
Total Business-type Activities	2,804,559	3,130,615	-	-	-	326,056	326,056
Total Primary Government	$ 6,003,174	$ 3,725,343	$ 233,921	$ 515,163	(1,854,803)	326,056	(1,528,747)
	General Revenues:						
	Property taxes				576,029	-	576,029
	Sales taxes				716,960	-	716,960
	Franchise taxes				93,538	-	93,538
	Insurance premium taxes				218,465	-	218,465
	Other taxes				56,194	-	56,194
	Gain on sale of assets				7,469	-	7,469
	Other				84,327	76,242	160,569
	Unrestricted investment earnings				5,782	63,065	68,847
	Transfers				1,738,179	(1,738,179)	-
	Total General Revenues and Transfers				3,496,943	(1,598,872)	1,898,071
	Change in Net Position				1,642,140	(1,272,816)	369,324
	Net Position, Beginning				6,326,572	12,731,288	19,057,860
	Net Position, Ending				$ 7,968,712	$ 11,458,472	$ 19,427,184

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CITY OF GRANTVILLE, GEORGIA
BALANCE SHEETS - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019

	General Fund	2007 SPLOST Fund	2013 SPLOST Fund	2019 SPLOST Fund	Drug Fund	Court Fund	Total Governmental Funds
ASSETS							
Cash and cash equivalents	$ 232,806	$ 13,473	$ 940,922	$ 316,434	$ 147,439	$ 276,900	$ 1,927,974
Investments	169,782	-	-	-	-	-	169,782
Taxes receivable	516,882	-	-	-	-	-	516,882
Accounts Receivable	5,811	-	-	-	-	-	5,811
Due from other governments	11,216	-	-	47,073	-	-	58,289
Due from other funds	-	-	-	500	-	-	500
Prepaid expenses	16,214	-	-	-	-	319	16,533
Total Assets	$ 952,711	13,473	940,922	364,007	147,439	277,219	$ 2,695,771
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable	$ 30,770	$ -	$ 12,964	$ -	$ -	$ 12,708	$ 56,442
Due to other funds	50	50	50	-	50	-	200
Accrued liabilities	35,474	-	-	-	-	5,689	41,163
Total Liabilities	66,294	50	13,014	-	50	18,397	97,805
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenues - property taxes	454,239	-	-	-	-	-	454,239
Total deferred inflows of resources	454,239	-	-	-	-	-	454,239
FUND BALANCES							
Nonspendable:							
Prepaids	16,214	-	-	-	-	319	16,533
Restricted for:							
Public safety	-	-	-	-	147,389	-	147,389
Capital projects	-	13,423	927,908	364,007	-	-	1,305,338
Unassigned	415,964	-	-	-	-	258,503	674,467
Total Fund Balances	432,178	13,423	927,908	364,007	147,389	258,822	2,143,727
Total Liabilities, deferred inflows of resources, and Fund Balances	$ 952,711	$ 13,473	$ 940,922	$ 364,007	$ 147,439	$ 277,219	$ 2,695,771

CITY OF GRANTVILLE, GEORGIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEETS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

Total fund balances of governmental funds		$ 2,143,727
Total net position reported for governmental activities in the Statement of Net Position is different because:		
Capital Assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:		
Governmental capital assets	10,993,848	
Less: Accumulated depreciation	(5,591,440)	
Total Capital Assets		5,402,408
Long-term assets (receivables) are not available to pay current period expenditures and; therefore, are unavailable in the funds		454,239
Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities both current and long-term are reported in the statement of net position.		
Compensated absences	(31,662)	
		(31,662)
Net position of governmental activities		$ 7,968,712

CITY OF GRANTVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	General Fund	2007 SPLOST Fund	2013 SPLOST Fund	2019 SPLOST Fund	Drug Fund	Court Fund	Total Governmental Funds
REVENUES:							
Taxes	$ 1,609,867	-	-	-	-	-	$ 1,609,867
Licenses and permits	135,857	-	-	-	-	-	135,857
Intergovernmental	233,921	-	152,172	362,991	-	-	749,084
Fines and forteitures	-	-	-	-	99,461	336,737	436,198
Charges for services	22,672	-	-	-	-	-	22,672
Interest	4,366	-	-	1,416	-	-	5,782
Contributions	5,296	-	7,283	-	-	-	12,579
Other	71,748	-	-	-	-	-	71,748
Total Revenues	2,083,727	-	159,455	364,407	99,461	336,737	3,043,787
EXPENDITURES:							
Current							
General government	344,398	683	-	57	-	-	345,138
Judicial	-	-	-	-	-	151,941	151,941
Public safety	1,525,753	-	6	57	218,771	-	1,744,587
Public works	306,730	40,496	117,048	114	-	-	464,388
Health and welfare	221,663	-	-	-	-	-	221,663
Recreation	112,260	-	45,709	172	-	-	158,141
Housing and development	32,733	-	-	-	-	-	32,733
Capital Outlay							
Capital expenditures	-	-	13,341	-	-	-	13,341
Total Expenditures	2,543,537	41,179	176,104	400	218,771	151,941	3,131,932
Excess Revenues Over (Under) Expenditures	(459,810)	(41,179)	(16,649)	364,007	(119,310)	184,796	(88,145)
Other Financing Sources (Uses):							
Proceeds from sale of capital assets	7,469	-	-	-	-	-	7,469
Operating transfers in	1,870,995	-	1,723	-	-	-	1,872,718
Operating transfers out	(22,523)	-	-	-	-	(112,016)	(134,539)
Total Other Financing Sources (Uses)	1,855,941	-	1,723	-	-	(112,016)	1,745,648
Change in Fund Balance	1,396,131	(41,179)	(14,926)	364,007	(119,310)	72,780	1,657,503
Fund Balance, Beginning	(963,953)	54,602	942,834	-	266,699	186,042	486,224
Fund Balance, Ending	$ 432,178	$ 13,423	$ 927,908	$ 364,007	$ 147,389	$ 258,822	$ 2,143,727

See Notes to Financial Statements

CITY OF GRANTVILLE, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Net change in fund balances total governmental funds		$ 1,657,503
The change in net position reported for governmental activities in the Statement of Activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets are capitalized and depreciated over their estimated useful lives.		
Expenditures for capital assets	272,464	
Less: current year depreciation	(335,906)	
		(63,442)
Revenues in the statement of activities that do not provide current financial resources are not in the governmental funds because they are not financial resources.		51,319
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in compensated absences		(3,240)
Change in net position of governmental activities		$ 1,642,140

CITY OF GRANTVILLE, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2019

	Business-type Activities - Enterprise Funds				
	Water and Sewer Fund	Electric Fund	Gas Fund	Non-major Enterprise Solid Waste Fund	Total
ASSETS					
Current Assets					
Cash and cash equivalents	$ 545,533	$ 1,009,126	$ 613,545	$ 26,769	$ 2,194,973
Accounts receivable, net of allowances	115,511	261,050	17,399	19,825	413,785
Inventory	-	5,202	-	-	5,202
Prepaid assets	3,043	1,115	700	-	4,858
	664,087	1,276,493	631,644	46,594	2,618,818
Restricted Assets					
Restricted cash	76,363	39,557	217,784	-	333,704
Restricted investments	-	619,610	-	-	619,610
	76,363	659,167	217,784	-	953,314
Total Current Assets	740,450	1,935,660	849,428	46,594	3,572,132
Capital assets					
Non-depreciable	45,211	12,703	580	-	58,494
Depreciable, net of accumulated depreciation	7,109,898	918,536	1,207,219	-	9,235,653
Total Non-current Assets	7,155,109	931,239	1,207,799	-	9,294,147
Total Assets	$ 7,895,559	$ 2,866,899	$ 2,057,227	$ 46,594	$ 12,866,279
LIABILITIES					
Current Liabilities					
Accounts payable	$ 40,153	$ 87,648	$ 17,239	$ 15,981	$ 161,021
Due to other funds	150	50	50		250
Accrued liabilities	5,067	11,270	1,943	276	18,556
Customer deposits payable	59,821	101,590	57,500	-	218,911
Compensated absences, due within one year	4,641	1,684	840	-	7,165
Notes payable, due within one year	106,689	-	-	-	106,689
Bonds payable, due within one year	20,663	-	-	-	20,663
Total Current Liabilities	237,184	202,242	77,572	16,257	533,255
Noncurrent Liabilities					
Notes payable, due in more than one year	484,371	-	-	-	484,371
Bonds payable, due in more than one year	390,181	-	-	-	390,181
Total Noncurrent Liabilities	874,552	-	-	-	874,552
Total Liabilities	1,111,736	202,242	77,572	16,257	1,407,807
NET POSITION					
Net investment in capital assets	6,153,205	931,239	1,207,799	-	8,292,243
Restricted for Public Works	-	659,167	217,784	-	876,951
Restricted for Debt Service	76,363	-	-	-	76,363
Unrestricted	554,255	1,074,251	554,072	30,337	2,212,915
Total Net Position	6,783,823	2,664,657	1,979,655	30,337	11,458,472
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 7,895,559	$ 2,866,899	$ 2,057,227	$ 46,594	$ 12,866,279

CITY OF GRANTVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Business-type Activities - Enterprise Funds				
	Water and Sewer Fund	**Electric Fund**	**Gas Fund**	**Non-major Enterprise Solid Waste Fund**	**Totals**
OPERATING REVENUE					
Charges for sales and services	$ 954,001	$ 1,511,758	$ 461,953	$ 202,903	$ 3,130,615
Total Revenues	954,001	1,511,758	461,953	202,903	3,130,615
OPERATING EXPENSES					
Costs of sales and services	264,453	885,460	173,843	188,467	1,512,223
General operating costs	454,556	260,079	118,595	11,116	844,346
Depreciation	264,862	102,423	45,654	-	412,939
Total Operating Expenses	983,871	1,247,962	338,092	199,583	2,769,508
Operating Income (Loss)	(29,870)	263,796	123,861	3,320	361,107
NON-OPERATING INCOME (EXPENSES)					
Capital contributions	76,242	-	-	-	76,242
Interest income	153	-	21,503	-	21,656
Interest expense	(35,051)	-	-	-	(35,051)
Investment income (loss)	-	41,409	-	-	41,409
Total Non-Operating Income (Expenses)	41,344	41,409	21,503	-	104,256
Transfers in	139,076	-	10,648	-	149,724
Transfers out	(355,406)	(854,482)	(618,567)	(59,448)	(1,887,903)
	(216,330)	(854,482)	(607,919)	(59,448)	(1,738,179)
Change in Net Position	(204,856)	(549,277)	(462,555)	(56,128)	(1,272,816)
Total Net Position, Beginning	6,988,679	3,213,934	2,442,210	86,465	12,731,288
Total Net Position, Ending	$ 6,783,823	$ 2,664,657	$ 1,979,655	$ 30,337	$ 11,458,472

See Notes to Financial Statements

CITY OF GRANTVILLE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Business-type Activities - Enterprise Funds				
	Water and Sewer Fund	Electric Fund	Gas Fund	Non-major Enterprise Solid Waste Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	$ 973,164	$ 1,434,522	$ 484,453	$ 209,142	$ 3,101,281
Payments to suppliers	(591,077)	(1,038,755)	(244,005)	(188,743)	(2,062,580)
Payments to employees	(147,790)	(108,456)	(48,130)	(9,930)	(314,306)
Net cash provided by (used in) operating activities	234,297	287,311	192,318	10,469	724,395
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Loans from other funds	150	50	50	-	250
Transfers in from other funds	139,076	-	10,648	-	149,724
Transfer out to other funds	(355,406)	(854,482)	(618,567)	(59,448)	(1,887,903)
Net cash provided by (used in) non-capital financing activities	(216,180)	(854,432)	(607,869)	(59,448)	(1,737,929)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchases of capital assets	(58,997)	(9,754)	(9,754)	-	(78,505)
Contributed capital	27,000	-	-	-	27,000
Transfers from SPLOST funds	49,242				49,242
Principle payments on notes payable	(104,877)	-	-	-	(104,877)
Principle payments on bonds payable	(20,128)	-	-	-	(20,128)
Interest paid	(35,348)	-	-	-	(35,348)
Net cash used in capital and related financing	(143,108)	(9,754)	(9,754)	-	(162,616)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	153	41,409	21,503	-	63,065
Net cash provided by (used in) investing activities	153	41,409	21,503	-	63,065
Net Increase (Decrease) in cash	(124,838)	(535,466)	(403,802)	(48,979)	(1,113,085)
Cash, Beginning	746,734	2,203,759	1,235,131	75,748	4,261,372
Cash, Ending	$ 621,896	$ 1,668,293	$ 831,329	$ 26,769	$ 3,148,287
Classified as:					
Cash	$ 545,533	$ 1,009,126	$ 613,545	$ 26,769	$ 2,194,973
Restricted cash and investments	76,363	659,167	217,784	-	953,314
Total	$ 621,896	$ 1,668,293	$ 831,329	$ 26,769	$ 3,148,287
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Operating income (loss)	$ (29,870)	$ 263,796	$ 123,861	$ 3,320	$ 361,107
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	264,863	102,424	45,655	-	412,942
Change in assets and liabilities:					
Decrease (increase) in accounts receivable	20,663	(76,212)	25,076	6,239	(24,234)
(Increase) decrease in prepaid items	(1,562)	(91)	(92)	-	(1,745)
Increase (decrease) in accounts payable	(18,223)	(585)	678	826	(17,304)
Increase (decrease) in accrued liabilities	1,203	4,149	(828)	84	4,608
Increase (decrease) in customer deposits payable	(1,500)	(4,250)	(1,300)	-	(7,050)
Increase (decrease) in compensated absences payable	(1,277)	(1,920)	(732)	-	(3,929)
Net cash provided by (used in) operating activities	$ 234,297	$ 287,311	$ 192,318	$ 10,469	$ 724,395

CITY OF GRANTVILLE, GEORGIA
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2019

	Private-Purpose Trust
Assets	
Cash	$ 4,687
Total Assets	$ 4,687
Liabilities	
Due to other funds	$ 50
Total Liabilities	$ 50
Net Position	
Held in trust for other purposes	4,637
Total Net Position	$ 4,637
Total Net Position and Liabilties	$ 4,687

CITY OF GRANTVILLE, GEORGIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Private-Purpose Trust
Additions:	
Other sources	300
Total Additions	300
Deductions:	
Cemetery services	171
Total Deductions	171
Change in Net Position	129
Net position, Beginning	4,508
Net position, Ending	$ 4,637

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Grantville, Georgia (the "City") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Reporting Entity

Incorporated in 1852, under the laws of the State of Georgia, the City of Grantville is governed by a five member Mayor/Council form of government. The Mayor and Council are elected to four-year terms. The Mayor and the other four Council members serve on a part-time basis. The Mayor and Council appoint a city manager to handle the daily operations of the City.

The City's major operations include public safety, public works, culture and recreation, housing and development, utility services and general administrative services.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. 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. The statement of net position will include non-current assets, deferred inflows of resources, and non-current liabilities. In addition, the government-wide statement of activities reflects depreciation expense on the City's capital assets.

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 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not considered program revenues are reported instead as general revenues.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. 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.

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 City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally 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.

Property taxes, sales taxes, franchise taxes, licenses, intergovernmental grants, 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. All other revenue items are considered to be measurable and available only when cash is received by the City.

In accordance with GASB Statement No. 33, “Accounting and Financial Reporting for Non-exchange Transactions,” the corresponding assets (receivables) in non-exchange transactions are recognized in the period in which the underlying exchange occurs, when an enforceable legal claim has arisen, when all eligibility requirements have been met, or when resources are received, depending on the revenue source.

The City reports the following major governmental funds:

The **General Fund** is the City’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The **2007 SPLOST Fund** is used to account for the one percent Special Purpose Local Option Tax (SPLOST) funds collected as part of the referendum adopted in 2007. The funds are used for specific capital projects as approved by voter referendum.

The **2013 SPLOST Fund** is used to account for the one percent Special Purpose Local Option Tax (SPLOST) funds collected as part of the referendum adopted in 2012. The funds are used for specific capital projects as approved by voter referendum.

The **2019 SPLOST Fund** is used to account for the one percent Special Purpose Local Option Tax (SPLOST) funds collected as part of the referendum adopted in 2019. The funds are used for specific capital projects as approved by voter referendum.

The **Drug Fund** accounts for revenue from seizures and forfeitures which are legally restricted to expenditures for law enforcement services.

The **Court Fund** is used to account for all operations of the court including fines and other fees for violations of city ordinances.

The City reports the following major enterprise funds:

The **Water and Sewer Fund** is used to account for all operations relating to activities conducted in the operation of a municipal water supply and wastewater treatment system.

The **Electric Fund** is used to account for all operations related to providing electrical utilities to citizens of the City.

The **Gas Fund** is used to account for all operations related to providing natural gas utilities to citizens of the City.

The City reports the following fiduciary funds:

The *fiduciary fund* accounts for funds collected and expended on the cemetery.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The City also reports the following non-major fund type:

The *enterprise fund* is used to account for the charges and expenses incurred in providing garbage services to the city. The City has a service contract in place with a third party to provide the collection and disposal of solid waste.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements.

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. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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. The principal operating revenues of the enterprise funds are charges for goods and services provided. Operating expenses of the enterprise funds include the cost of these goods and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Budgets

An annual appropriated budget is adopted for the General Fund, the Drug Fund, and the Court Fund. A project-length budget is adopted for the 2007, 2013 and 2019 SPLOST Funds. Budgets are adopted on a modified accrual basis, which is consistent with generally accepted accounting principles for governmental funds. All appropriations lapse at fiscal year end. The City does not use encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Deposits and Investments

Georgia statutes authorize the City to invest in the following: (1) obligations of Georgia or any other state; (2) obligations of the United States; (3) obligations fully insured or guaranteed by the United States government or one of its agencies; (4) obligations of any corporation of the United States government; (5) prime bankers' acceptances; (6) the State of Georgia local government investment pool; (7) repurchase agreements; and (8) obligations of any other political subdivisions of the State of Georgia. Any investment or deposit in excess of the federal depository insured amounts must be collateralized by an equivalent amount of State or U.S. obligations. For purposes of the statement of cash flows, all highly liquid investments with an original maturity of less than 90 days are considered to be cash equivalents. Investments are reported at fair value as determined by quoted market prices.

F. Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as all other outstanding balances between funds is reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, represent long-term borrowing arrangements with established repayment schedules, and are offset by a fund balance account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

G. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Payments made to vendors for services that will benefit periods beyond September 30, 2019, are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are reported on the consumption basis of accounting.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Capital Assets

Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and intangible assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than $500 and an estimated useful life in excess of three 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. In accordance with GASB 34, infrastructure assets acquired prior to October 1, 2003 have not been capitalized.

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

Capital assets of the City are depreciated using the straight line method over the following estimated useful lives:

Asset Class	Estimated Useful Life
Buildings	25 to 70
Vehicles	5 to 8
Equipment	5 to 10
Water distribution system	15 to 75
Sewerage treatment plant	40 to 70
Gas distribution system	25 to 50
Electricity distribution system	25 to 50
General infrastructure	50

I. Restricted Assets

Restricted assets in the enterprise funds include amounts for customer utility deposits, funds established for debt service for revenue bonds, and amounts related to the Municipal Electric Authority of Georgia (MEAG) trust accounts.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for non-vesting accumulated rights to receive sick pay benefits since the City does not have a policy to pay any amounts when employees separate from service with the City. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

K. Deferred Outflows / Inflows of Resources

The City implemented GASB Statements No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities*, as of October 1, 2012. These new standards establish accounting and financial reporting for deferred outflows / inflows of resources and the concept of net position as the residual of all other elements presented in a statement of financial position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items that qualify for reporting in this category.

The governmental funds report unavailable revenues from property taxes and intergovernmental revenues as these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available. Additionally, the governmental funds balance sheet and will report unearned property tax revenues as a deferred inflow of resources as the amount represents resources associated with an imposed non-exchange revenue transaction received or reported as a receivable before the period for which the property taxes were levied. These revenues will be recognized as an inflow of resources in the period for which they were levied.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the term of the bonds using the effective interest method. Bonds payable are reported net of the applicable discount or premium. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures or expenses.

M. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net position."

Fund Balance – Generally, fund balance represents the difference between the assets, deferred inflows of resources, and liabilities under the current financial resources management focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in those funds can be spent.

Fund balances are classified as follows:

Non-spendable – Fund balances are reported as non-spendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

Restricted – Fund balances are reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

Committed – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by a resolution of the City Council. Only the City Council may modify or rescind the commitment through a formal voting resolution.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Fund Equity (Continued)

Assigned – Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. The Council has not currently designated the authority to make assignments, and retains the authority with the Council.

Unassigned – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the General Fund. The City, by resolution, has created a minimum fund balance policy to be no less than 30 to 55 days or 9% to 15% of the next fiscal year's budgeted expenditures, in order to maintain adequate reserves to cover unforeseen emergencies and/or revenue shortfalls.

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balance in the following order: (1) Committed, (2) Assigned, (3) Unassigned.

Net Position – Net position represent the difference between assets, deferred inflows of resources, and liabilities in reporting which utilizes the economic resources measurement focus. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the City has spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net positions is reported as unrestricted. The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available. Restrictions on the government-wide statement of net position represent amounts segregated to meet debt covenants and State laws.

N. Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets, deferred inflows of resources, and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenditures/expenses during the period. Actual results could differ from those estimates.

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS

a. **Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position**

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities are not due and payable in the current period and therefore are not reported in the funds." The details of this $31,662 difference are as follows:

Compensated absences	$ (31,662)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$ (31,662)

b. **Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense." The details of this $63,442 difference are as follows:

Capital outlay	$ 272,464
Depreciation expense	(335,906)
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$ (63,442)

NOTE 3. LEGAL COMPLIANCE - BUDGETS

The City of Grantville, Georgia employs the following procedures in establishing its annual budget:

1. Prior to October 1, the City Manager prepares a proposed budget for the fiscal year commencing October 1. The proposed budget is submitted to the Mayor and City Council. The operating budget includes proposed expenditures and the means for financing them.

2. The City Council holds a public hearing on the budget of the City of Grantville, Georgia.

3. The budget is then revised and adopted or amended by the City Council at a subsequent regular meeting in the year to which it applies.

4. The adopted budget may be revised during the year only by formal action of the City Council in a regular meeting and no increase shall be made therein without provision also being made for financing same, for anything above the legal level of budgetary control, which is the department level. The final budget amounts shown in these financial statements reflect amendments approved by the City Council.

The General fund had no excess of actual expenditures over appropriations for the year ended September 30, 2019,

The Drug Fund had an excess of actual expenditures over appropriations as follows for the year ended September 30, 2019:

Drug Fund	
Public Safety:	
Police	118,771

The excess expenditures over the approved budget were funded through revenues collected in excess of approved amounts.

The Court fund had no excess of actual expenditures over appropriations for the year ended September 30, 2019,

NOTE 4. DEPOSITS AND INVESTMENTS

Total deposits and investments as of September 30, 2019 are summarized as follows:

Amounts as presented on the entity wide statement of net position:		
Cash and cash equivalents	$	4,122,947
Investments		169,782
Restricted cash and cash equivalents		333,704
Restricted investments		619,610
Total	$	5,246,043
Cash deposited with financial institutions	$	4,456,651
Certificates of deposit		169,782
Municipal Competitive Trust		619,610
	$	5,246,043

Credit Risk. State statutes authorize the City to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime banker's acceptances; the local government investment pool established by State law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia.

At September 30, 2019, the City had the following investments:

Investment	Maturities (in years)	Fair Value
Certificate of deposit	1 year	$ 169,782
Municipal Competitive Trust	Less than 1 year	243,137
Municipal Competitive Trust	1-5 years	376,473
Total		$ 789,392

The investments above are not rated by a national rating organization.

Interest Rate Risk: The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial Credit Risk – Deposits: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes and City policy, require all deposits and investments (other than Federal or State governmental instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of September 30, 2019, the City's deposits are insured or collateralized as required by State law.

NOTE 5. RECEIVABLES

Property taxes are levied on property values assessed as of January 1. The City contracts with Coweta County to bill and collect their property taxes. The taxes are levied by October 21 based on the assessed value of property as listed on the previous January 1 and are due on December 20 of each year.

Property taxes are recorded as receivables and deferred revenues when assessed. Revenues are recognized when available.

Receivables at September 30, 2019, for the City's individual major funds and non-major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	2019 SPLOST	Water & Sewer	Electric	Gas	Nonmajor Solid Waste
Receivables:						
Taxes	516,882	-	-	-	-	-
Accounts	5,811	-	121,629	279,980	25,717	22,458
Other Governments	11,216	47,073	-	-	-	-
Less Allowance for uncollectible	-	-	(6,118)	(18,930)	(8,318)	(2,633)
Net Total Receivable	533,909	47,073	115,511	261,050	17,399	19,825

NOTE 6. CAPITAL ASSETS

Primary Government

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

	Beginning Balance	Increases	Deletions	Transfers	Ending Balance
Governmental activities					
Capital assets, not being depreciated					
Construction in progress	$ -	$ 33,814	$ -	$ -	$ 33,814
Land	133,048	-	-	-	133,048
Total	133,048	33,814	-	-	166,862
Capital assets, being depreciated					
Land Improvements	231,436	6,470	-	-	237,906
Buildings and Improvements	2,471,023	10,609	-	-	2,481,632
Vehicles	990,313	207,731	(210,904)	-	987,140
Machinery and equipment	872,566	13,840	-	-	886,406
Infrastructure	6,233,903	-	-	-	6,233,903
Total	10,799,241	238,650	(210,904)	-	10,826,987
Less accumulated depreciation for:					
Land Improvements	(92,522)	(8,607)	-	-	(101,129)
Buildings and Improvements	(968,419)	(49,705)	-	-	(1,018,124)
Vehicles	(622,997)	(83,623)	210,904	-	(495,716)
Machinery and equipment	(592,698)	(60,154)	-	-	(652,852)
Infrastructure	(3,189,803)	(133,817)	-	-	(3,323,620)
Total	(5,466,439)	(335,906)	210,904	-	(5,591,441)
Total capital assets, being depreciated, net	5,332,802	(97,256)	-	-	5,235,546
Governmental activites capital assets, net	$ 5,465,850	$ (63,442)	$ -	$ -	$ 5,402,408

NOTE 6. CAPITAL ASSETS (CONTINUED)

Business-type activities	Beginning Balance	Increases	Decreases/ Transfers	Ending Balance
Capital assets, not being depreciated				
Land	$ 58,494	$ -	$ -	$ 58,494
Construction in Process	-	-	-	-
Total	58,494	-	-	58,494
Capital assets, being depreciated				
Building and improvements	1,934,224	-	-	1,934,224
Vehicles	489,915	-	(53,294)	436,621
Machinery & equipment	486,737	58,565	-	545,302
Infrastructure	15,352,553	19,940	-	15,372,493
Total	18,263,429	78,505	(53,294)	18,288,640
Less accumulated depreciation for:				
Building and improvements	(607,766)	(38,957)	-	(646,723)
Vehicles	(350,152)	(29,987)	53,294	(326,845)
Machinery & equipment	(367,711)	(31,130)	-	(398,841)
Infrastructure	(7,367,713)	(312,865)	-	(7,680,578)
Total	(8,693,342)	(412,939)	53,294	(9,052,987)
Total capital assets being depreciated, net	9,570,087	(334,434)	-	9,235,653
Business-type activities capital assets, net	$ 9,628,581	$ (334,434)	$ -	$ 9,294,147

Depreciation expense was charged to functions/programs of the City as follows:

Governmental activities:	
General government	$ 16,815
Public safety	109,698
Public works	168,820
Health and welfare	2,851
Culture and recreation	37,722
Total depreciation expense - governmental activities	$ 335,906
Business-type activities:	
Water & sewer	$ 264,862
Gas	45,654
Electric	102,423
Total depreciation expense - business-type activities	$ 412,939

NOTE 7. LONG-TERM DEBT

Primary Government

Long-term liability activity for the year ended September 30, 2019 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences	$ 28,422	$ 3,240	$ -	$ 31,662	$ 31,662
Governmental activities Long-term liabilities	$ 28,422	$ 3,240	$ -	$ 31,662	$ 31,662
Business-type activities:					
Revenue bonds payable	$ 430,972	$ -	$ (20,128)	$ 410,844	$ 20,663
Note payable	695,937	-	(104,877)	591,060	106,689
Compensated absences	11,093	7,165	(11,093)	7,165	7,165
Business-type activities Long-term liabilities	$ 1,138,002	$ 7,165	$ (136,098)	$ 1,009,069	$ 134,517

For governmental funds, compensated absences and claims and judgements are liquidated by the General Fund.

NOTE 7. LONG-TERM DEBT (CONTINUED)

Revenue Bonds. In 2009, the City adopted a bond ordinance to borrow up to $760,000 on Sewer System Revenue Bonds Series 2009. These funds are to be used for capital improvements to the sewer system and are secured by the net revenues of the City's water and sewer services. Bond terms call for an interest only payment one year from issue, with monthly payments of $2,600 being made thereafter for 468 months, maturing in November 2035. The bonds will bear interest at 2.625% per annum.

The debt service to maturity on the Series 2009 revenue bonds is as follows:

Fiscal Year Ending September 30,	Series 2009 Principal	Interest	Total
2020	20,663	10,537	31,200
2021	21,212	9,988	31,200
2022	21,775	9,425	31,200
2023	22,354	8,846	31,200
2024	22,948	8,252	31,200
2025-2029	124,214	31,786	156,000
2030-2034	141,615	14,385	156,000
2035-2036	36,063	598	36,661
Total	$ 410,844	$ 93,817	$ 504,661

Notes Payable. The City has also incurred debt to the Georgia Environmental Finance Authority for construction of various water and sewer system projects. The notes outstanding at September 30, 2019 are as follows:

Interest Rate	Term	Due Date	Original Balance	Balance at September 30, 2019
0.00%	20 years	2020	$422,980	$27,114
3.96%	20 years	2025	$1,460,761	$563,946
			$1,921,741	$591,060

NOTE 7. LONG-TERM DEBT (CONTINUED)

The City's notes payable debt service requirements to maturity are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2020	106,689	21,085	127,774
2021	93,837	17,669	111,506
2022	91,967	14,115	106,082
2023	95,664	10,418	106,082
2024	99,509	6,573	106,082
2025	103,394	2,574	105,968
Total	$ 591,060	$ 72,434	$ 663,494

NOTE 8. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

There were no inter-fund balances as of September 30, 2019.

	Due From Fund	Due To Fund
General Fund	$ -	$ 50
2007 SPLOST	-	50
2013 SPLOST	-	50
2019 SPLOST	500	-
Drug Fund	-	50
Total Governmental Funds	500	200
	-	
Water and Sewer	-	150
Electric Fund	-	50
Gas Fund	-	50
Total Proprietary Funds	-	250
Fiduciary Fund	-	50
Total Interfund Balances	500	500

NOTE 8. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (Continued)

Transfers are used to (1) move unrestricted revenues from utility funds to the General Fund to supplement operations of the City, (2) move unrestricted revenues between the various utility funds for operational purposes, (3) to show the current year additions of capital assets to the business-type activities which were funded with current resources of the governmental activities of the City. The composition of inter-fund transfer balances at September 30, 2019 is as follows:

	Transfers Out	Transfers In
General Fund		
General Fund	$ 22,523	$ 1,870,995
Total General Fund	22,523	1,870,995
Special Revenue Fund		
2013 SPLOST Fund	-	1,723
Court Fund	112,016	-
Total Special Revenue Fund	112,016	1,723
Proprietary Funds		
Water and Sewer Fund	355,406	139,076
Electric Fund	854,482	-
Gas Fund	618,567	10,648
Non-major Proprietary Fund	59,448	-
Total Proprietary Funds	1,887,903	149,724
Total Interfund Transfers	$ 2,022,442	$ 2,022,442

NOTE 9. DEFINED CONTRIBUTION PENSION PLAN

The City of Grantville's Internal Revenue Code Section 457 Plan (the "Plan") is a deferred compensation plan and qualifies as a defined contribution pension plan. The Plan is administered by VALIC for all full time employees. The Plan is funded through employee contributions. Plan provisions and contribution requirements are established and may be amended by the City Council. At September 30, 2019, there were 5 plan members. Contributions to the plan from participants were $20,432 for the fiscal year ended September 30, 2019. There were no contributions from the City to this plan during the year ended September 30, 2019.

Beginning in the year ended September 30, 2017, the City also maintained a Simplified Employer Pension (SEP) Plan. This plan was funded through contributions from the employer. Plan provisions and contribution requirements are established and may be amended by the City Council. The City made $19,346 in contributions to this plan during the fiscal year ended September 30, 2019.. Elective deferrals from employees are not allowed under a SEP Plan.

NOTE 10. JOINT VENTURE

Under Georgia law, the City, in conjunction with the other municipalities and county governments in a thirteen county area, was a member in the Three Rivers Regional Development Center (RDC). As of July 1, 2009, the Three Rivers RDC was dissolved and merged into the Three Rivers Regional Commission. Membership in the Commission is required under the Official Code of Georgia Annotated (OCGA) Section 50-8-34. During the fiscal year ended September 30, 2018, the City paid $3,226 in dues to the Commission. The governing Board of the Commission includes the chief elected official of each county and one municipality included in the Commission area. Member governments are liable for any debts or obligations incurred by the Commission. Separate financial statements may be obtained from the Three River Regional Commission, PO Box 1600, Franklin, Georgia 30217.

NOTE 11. FIDUCIARY FUND

The Grantville Cemetery Trust:

The Grantville Cemetery Trust (the "Trust") is a fiduciary fund to the City of Grantville. The City Council voted to obligate 4/10 of one mil, with an annual maximum of $5,000, to the maintenance of the cemetery. The Trust is a 501(c)(3) organization formed to maintain the City Cemetery. During the year ended September 30, 2018, the remaining member of the independent Board of Trustees turned the trust over to the City to be held in a separate restricted account for Capital Improvements to the Cemetery. The Trust's financial statements are included on pages 13 and 14 of these financial statements but are excluded from the government-wide statement of net position and statement of activities in accordance with GASB 34.

NOTE 12. RELATED ORGANIZATIONS

Housing Authority of the City of Grantville

The Housing Authority of the City of Grantville (the "Housing Authority") is a related organization to the City of Grantville. The City made no contributions to the Housing Authority during the fiscal year ended September 30, 2019. The City does not have the power to remove board members or direct its operations, nor is it financially responsible for the Housing Authority.

NOTE 13. RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has joined together with other municipalities in the State as part of the Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund and the Georgia Municipal Association Group Self-Insurance Workers' Compensation Fund, public entity risk pools currently operating as common risk management and insurance programs for member local governments.

As part of these risk pools, the City is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The City is also to allow the pool's agents and attorneys to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the funds.

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

Settled claims have not exceeded the coverage in the past three years.

The City carries commercial insurance for other risks of losses. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage in the current or prior year.

NOTE 14. COMMITMENTS AND CONTINGENCIES

Litigation:

The City is named as a defendant in certain legal actions in the nature of claims for alleged damages to persons and property and other similar types of actions rising in the course of City operations. The outcome of these legal actions cannot be ascertained at this time. There are no liabilities recorded in the statement of net position.

Grant Contingencies:

The City has received Federal and State grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to the disallowance of certain expenditures previously reimbursed by those agencies. Based upon prior experience, management of the City believes such disallowances, if any, will not be significant.

Agreements with the Municipal Electric Authority of Georgia:

The Municipal Electric Authority of Georgia (MEAG) is a public corporation and an instrumentality of the State of Georgia created to supply electricity to local government electric distribution systems. As provided by State law, MEAG establishes rates and charges so as to produce revenues sufficient to cover its costs, including debt service, but it may not operate any of its projects for profit unless any such profits inure to the benefit of the public.

NOTE 14. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Agreements with the Municipal Gas Authority of Georgia:

The City has also entered into a contract for wholesale natural gas purchases with the Municipal Gas Authority of Georgia (MGAG) that requires the City to purchase all of its natural gas from MGAG. The gas supply contract with MGAG authorizes MGAG to establish rates and charges so as to produce revenues sufficient to cover its operating costs and retire its bonds issued to acquire long-term gas supplies for sale to its members, including the City. In the event that revenues are insufficient to cover all costs and retire the bonds issued by MGAG, the City is obligated to pay its "obligation share" of the costs of the gas supply and related services MGAG provides to the City, which costs includes amounts equal to principal and interest on MGAG's bonds. These obligations, which extend through the year 2019, are general obligations of the City to which the City's full faith, credit and taxing powers are pledged. The City's obligation to MGAG for gas supply costs are based on MGAG's costs to provide such supply, including bonds issued to purchase long-term rights to bulk supply. Payments to MGAG are made monthly based on actual usage. The total payments under these contracts amounted to $173,843 in 2019.

At September 30, 2019, the outstanding debt of MGAG was approximately $217 million. The City's guarantee varies by individual projects undertaken by MGAG and totals $219,810 at September 30, 2019.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF GRANTVILLE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GENERAL FUND BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Original Budget	Final Budget	Actual	Variance
REVENUES:				
Taxes	$ 1,541,663	$ 1,541,663	$ 1,609,867	$ 68,204
Licenses and permits	55,350	55,350	135,857	80,507
Charges for services	31,650	31,650	22,672	(8,978)
Intergovernmental	194,325	194,325	233,921	39,596
Interest	2,500	2,500	4,366	1,866
Contributions	-	-	5,296	5,296
Other revenues	24,000	24,000	71,748	47,748
Total Revenue	1,849,488	1,849,488	2,083,727	234,239
EXPENDITURES:				
General government:				
Legislative	80,384	80,384	73,751	6,633
Executive	14,125	14,125	11,978	2,147
Finance	259,768	259,768	258,669	1,099
Total general government	354,277	354,277	344,398	9,879
Public safety:				
Police	1,263,754	1,263,754	1,237,765	25,989
Fire	237,347	237,347	170,875	66,472
Animal control	130,461	130,461	117,113	13,348
Total public safety	1,631,562	1,631,562	1,525,753	105,809
Public works:				
Highways and streets	270,746	270,746	223,160	47,586
Cemetery	19,000	25,000	19,400	5,600
Street lights	70,000	70,000	64,170	5,830
Total public works	359,746	365,746	306,730	59,016
Health and welfare	237,775	237,775	221,663	16,112
Recreation	125,190	119,190	112,260	6,930
Housing and development	40,000	40,000	32,733	7,267
Total Expenditures	2,748,550	2,748,550	2,543,537	205,013
Excess Revenues Over (Under) Expenditures	(899,062)	(899,062)	(459,810)	439,252
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	-	7,469	7,469
Transfer in	899,062	899,062	1,870,995	971,933
Transfers out	-	-	(22,523)	(22,523)
Total Other Financing Sourses (Uses)	899,062	899,062	1,855,941	956,879
Net Changes in Fund Balances	-	-	1,396,131	1,396,131
Beginning Fund Balance	-	-	(963,953)	(963,953)
Ending Fund Balance	$ -	$ -	$ 432,178	$ 432,178

CITY OF GRANTVILLE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
DRUG FUND BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Original Budget	Final Budget	Actual	Variance
REVENUES:				
Fines and forfeitures	60,000	100,000	102,740	2,740
EXPENDITURES:				
Public safety:				
Police	60,000	100,000	218,771	(118,771)
Total public safety	60,000	100,000	218,771	(118,771)
Excess Revenues Over (Under) Expenditures	-	-	(116,031)	(116,031)
OTHER FINANCING SOURSES (USES)				
Transfer in	-	-	-	-
Total Other Financing Sourses (Uses)				
Net Changes in Fund Balances	-	-	(116,031)	(116,031)
Beginning Fund Balance	-	-	266,699	(266,699)
Ending Fund Balance	$ -	$ -	$ 150,668	$ 150,668

CITY OF GRANTVILLE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
COURT FUND BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Original Budget	Final Budget	Actual	Variance
REVENUES:				
Fines and forfeitures	470,000	470,000	336,737	(133,263)
EXPENDITURES:				
Public safety:				
Judicial	186,501	186,501	151,941	34,560
Total public safety	186,501	186,501	151,941	34,560
Excess Revenues Over (Under) Expenditures	283,499	283,499	184,796	(98,703)
OTHER FINANCING SOURSES (USES)				
Transfer out	(283,499)	(283,499)	(112,016)	171,483
Transfer in	-	-	-	-
Total Other Financing Sourses (Uses)	-	-	(112,016)	171,483
Net Changes in Fund Balances	283,499	283,499	72,780	(210,719)
Beginning Fund Balance	186,042	186,042	186,042	-
Ending Fund Balance	$ 469,541	$ 469,541	$ 258,822	$ (210,719)

CITY OF GRANTVILLE, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX (SPLOST) FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

	ESTIMATED COST		EXPENDITURES			PERCENTAGE
	ORIGINAL	CURRENT	PRIOR	CURRENT	TOTAL	OF COMPLETION
2007 SPLOST						
Utility capital expansion	889,600	648,866	614,991	11,138	626,129	96.50
Public building renovation	500,400	438,641	434,251	1,416	435,667	99.32
Police capital assets	236,300	318,290	318,290	-	318,290	100.00
Recreation facility construction	208,500	611,523	611,523	-	611,523	100.00
Road and sidewalk construction	945,200	689,524	660,865	28,659	689,524	100.00
	2,780,000	2,706,844	2,639,920	41,213	2,681,133	
2013 SPLOST						
Road and sidewalk construction	1,118,520	1,118,520	625,415	12,133	637,548	57.00
Utility capital expansion	674,360	674,360	463,257	89,389	552,646	81.95
City hall	444,540	444,540	334,103	38,284	372,387	83.77
Recreation and culture	386,800	386,800	304,632	33,814	338,446	87.50
Public safety	243,780	243,780	192,620	-	192,620	79.01
	2,868,000	2,868,000	1,920,027	173,620	2,093,647	
2019 SPLOST						
Road and sidewalk construction	1,109,082	1,109,082	-	-	-	-
Utility capital expansion	376,810	376,810	-	114	114	0.03
City hall	338,360	338,360	-	57	57	0.02
Recreation and culture	338,360	338,360	-	172	172	0.05
Public safety	338,360	338,360	-	57	57	0.02
Historic Preservation	288,375	288,375	-	-	-	-
Downtown Revitalization	288,375	288,375	-	-	-	-
	3,077,722	3,077,722	-	400	400	

COMPLIANCE SECTION

GGPCPA

Gerald G. Pentecost, Jr., CPA
116 Church Street, Suite 1
Rainbow City, Alabama 35906
(256)459-4310
Fax (866)268-3816

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 City Council
City of Grantville, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Grantville, Georgia, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Grantville, Georgia's basic financial statements and have issued our report thereon dated March 23, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Grantville, Georgia'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 City of Grantville, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Grantville, Georgia's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency 2019-001 described in the accompanying schedule of findings and responses to be a material weakness.

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. The results of our tests disclosed no weaknesses in internal control that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Grantville, Georgia'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.*

City of Grantville, Georgia's Response to Findings

City of Grantville, Georgia's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. City of Grantville, Georgia'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.

Rainbow City, Alabama

March 23, 2020

CITY OF GRANTVILLE, GEORGIA

SCHEDULE OF FINDINGS AND REPONSES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

SECTION 1
SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued	Unmodified	
Internal control over financial reporting		
Material weaknesses identified?	X Yes	___ No
Significant deficiencies identified?	____Yes	X No
Noncompliance material to the financial statements noted	____Yes	X No

Federal Awards

There was not an audit of major federal award programs for the fiscal year ended September 30, 2019 due to the total federal amount expended being less than $750,000

CITY OF GRANTVILLE, GEORGIA

SCHEDULE OF FINDINGS AND REPONSES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

SECTION 2
FINANCIAL STATEMENT FINDINGS AND REPONSES

2019-001 Segregation of Duties

Criteria: A basic internal control over financial reporting is the segregation of duties of transaction processing, record keeping, reconciliation, and custody of assets.

Condition: This is an inherent limitation for entities that are small in size and thus, have limited staff to perform designated functions.

Context/Cause: During our audit, we noted that duties were not segregated in a number of areas where small adjustments to the policies of the City could help to further facilitate this important control. These areas include cash disbursements, bank reconciliation, customer billing, cash receipts and collections, and approval of journal entries.

Effects: Lack of segregation of duties and a corresponding lack of monitoring and oversight increases exposure to misappropriation of assets and errors in financial reporting.

Recommendation; We recommend that management continue to evaluate the procedures and policies used in the accounting area and continue to segregate duties where possible. Additional oversight, monitoring, and approval will be necessary in areas where duties cannot be segregated at an optimal level due to limitations in staff size.

Auditee's Response; Management has incorporated an external accountant with 20+ years of experience into the daily, weekly, and monthly accounting processes of the City and will continue to explore areas where duties can be segregated.