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**CITY OF REIDSVILLE, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2019**

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

Opinions

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

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.

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.

Auditor's Responsibility

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.

Management's Responsibility for the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Reidsville, Georgia, as of and for the year ended June 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.

Report on the Financial Statements

To the City Council
City of Reidsville, Georgia

INDEPENDENT AUDITOR'S REPORT

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of Changes in the Net Pension Liability and Related Ratios and the Schedule of Contributions on pages 36 and 37 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 and opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express and 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 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 the missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Reidsville, Georgia's basic financial statements. The comparative fund financial statements and schedule of projects paid with special sales tax proceeds are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The comparative fund financial statements and schedule of projects paid with special sales tax proceeds are the responsibility of management and were derived from and relate 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 comparative fund financial statements and schedule of projects paid with special sales tax proceeds are 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 June 24, 2020, on our consideration of the City of Reidsville, 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 City of Reidsville, Georgia's internal control over financial reporting and compliance.

Dennis, Dale & Foster

Statesboro, Georgia
June 24, 2020

CITY OF REIDSVILLE, GEORGIA
STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental	Business-type	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 702,846	\$ 106,236	\$ 809,082
Restricted cash and cash equivalents	-	88,195	88,195
Receivables:			
Taxes	127,552	-	127,552
Accounts	43,992	81,859	125,851
Intergovernmental	30,108	-	30,108
Internal balances	766,913	(766,913)	-
Inventories	825	344	1,169
Prepaid items	26,867	3,784	30,651
Restricted Assets:			
Cash and cash equivalents	-	296,999	296,999
Capital assets:			
Nondepreciable capital assets	335,058	410,942	746,000
Depreciable capital assets, net	3,498,335	2,686,292	6,184,627
Total Assets	5,532,496	2,907,738	8,440,234
DEFERRED OUTFLOWS OF RESOURCES			
Resources related to pensions	46,507	11,440	57,947
LIABILITIES			
Current Liabilities:			
Accounts payable	119,781	21,158	140,939
Accrued payroll liabilities	30,791	-	30,791
Customer deposits	-	88,195	88,195
Accrued interest payable	-	7,905	7,905
Compensated absences payable	3,026	2,041	5,067
Note payable	25,363	-	25,363
Capital leases payable	52,253	-	52,253
Revenue bonds payable	-	117,194	117,194
Long-Term Liabilities:			
Compensated absences payable (net of current portion)	12,106	8,162	20,268
Net pension obligation	122,537	29,766	152,303
Note payable (net of current portion)	314,746	-	314,746
Capital lease payable (net of current portion)	211,903	-	211,903
Revenue bonds payable (net of current portion)	-	3,088,713	3,088,713
Total Liabilities	892,506	3,363,134	4,255,640
DEFERRED INFLOWS OF RESOURCES			
Resources related to pensions	85,969	25,965	111,934
NET POSITION			
Net investment in capital assets	3,229,128	(108,673)	3,120,455
Restricted for:			
Debt service	-	296,999	296,999
Capital projects	444,463	-	444,463
Unrestricted	926,937	(658,247)	268,690
Total Net Position	\$ 4,600,528	\$ (469,921)	\$ 4,130,607

See accompanying notes to the basic financial statements.

CITY OF REIDSVILLE, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Program/Function	Expenses		Charges for Services		Rees, Fines, and Operating Grants and Contributions		Capital Grants and Contributions		Governmental Activities		Business-Type Activities		Total
General government	\$	364,351	\$	76,308	-	-	-	-	\$	(288,043)	-	-\$	(366,201)
Public safety		689,910		207,061						(482,849)			(1,486,169)
Streets		404,790		-	\$	15,581	\$	242,831		(146,378)			
Sanitation		254,775		238,259		-				(16,516)			
Recreation		206,523		43,075		21,477		27,749		(114,222)			
Community services		13,380		-		-		-		(13,380)			
Airport		209,115		-		-		161,827		(47,288)			
Interest		11,292		-		-		-		(11,292)			
Total Governmental Activities		2,154,136		564,703		37,058		432,407		(1,119,968)			(1,119,968)
Business-Type Activities:													
Water and Sewer		1,101,371		735,170		-		-		-		\$	(366,201)
Total	\$	3,255,507	\$	1,299,873	\$	37,058	\$	432,407	\$	(1,119,968)	\$	(366,201)	(1,486,169)
General Revenues													
Property taxes levied for:													
General purposes		290,767								290,767			
Sales taxes		183,956								183,956			
Insurance premium tax		186,713								186,713			
Franchise taxes		147,191								147,191			
Other taxes		168,643								168,643			
Gain on sale of capital assets		1,445								1,445			
Interest earned		1,921								1,921			
Miscellaneous		25,673								25,673			
Total General Revenues		1,006,309		3,471		1,009,780		3,471		1,009,780			1,009,780
Transfers		(82,877)								(82,877)			
Total General Revenues and Transfers		923,432		86,348		1,009,780		86,348		1,009,780			1,009,780
Change in Net Position		(196,536)		(279,853)		(476,389)		(476,389)		(476,389)			(476,389)
Net Position, Beginning of Year		4,797,064		(190,068)		4,606,996		4,606,996		4,606,996			4,606,996
Net Position, End of Year	\$	4,600,528	\$	(469,921)	\$	4,130,607		4,130,607		4,130,607			4,130,607

Net (Expense) Revenue and Changes in Net Position

See accompanying notes to the basic financial statements.

CITY OF REIDSVILLE, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2019

	Special Sales Tax Capital Projects Fund	T-SPLST Capital Projects Fund	Governmental Funds
ASSETS			
Cash	\$ 301,012	\$ 222,846	\$ 702,846
Receivables:			
Taxes	127,552	-	127,552
Intergovernmental	-	2,778	30,108
Accounts	43,992	-	43,992
Due from other funds	766,913	22,698	792,953
Prepaid items	26,867	-	26,867
Inventory	825	-	825
TOTAL ASSETS	\$ 1,267,161	\$ 248,322	\$ 1,725,143
LIABILITIES			
Accounts payable	\$ 105,066	\$ 14,715	\$ 119,781
Accrued payroll liabilities	30,791	-	30,791
Due to other funds	22,698	-	26,040
TOTAL LIABILITIES	158,555	14,715	176,612
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	87,412	-	87,412
FUND BALANCES			
Nonspendable	27,692	-	27,692
Restricted	4,538	194,945	444,463
Assigned	249,833	-	249,833
Unassigned	739,131	-	739,131
TOTAL FUND BALANCES	1,021,194	194,945	1,461,119
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 1,267,161	\$ 209,660	\$ 1,725,143

See accompanying notes to the basic financial statements.

CITY OF REIDSVILLE, GEORGIA
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019

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

Total Governmental Fund Balances \$ 1,461,119

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:

Cost	\$ 7,946,563
Less accumulated depreciation	(4,113,170)
	<u>3,833,393</u>

Other long-term assets are not available to pay for current period expenditures and therefore are reported as unavailable revenue in the funds:

Property taxes	87,412
----------------	--------

The City's net pension obligation is not reported in the governmental funds but is in the statement of net position.

(122,537)

Deferred outflows and deferred inflows related to pensions are not reported in the governmental funds:

Deferred outflows of resources	46,507
Deferred inflows of resources	(85,969)
	<u>(39,462)</u>

Liabilities, including capital leases, notes payable and compensated absences are not due and payable in the current period and therefore are not reported in the funds but are reported on the statement of net position:

Capital leases payable	(264,156)
Note payable	(340,109)
Compensated absences	(15,132)
	<u>(619,397)</u>

Net Position Of Governmental Activities

\$ 4,600,528

See accompanying notes to the basic financial statements.

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

	Special Sales Tax Projects Fund	Capital Projects Fund	T-SPLST Capital Projects Fund	Total Governmental Funds
REVENUES				
Taxes	950,273	-	-	\$ 950,273
Licenses and permits	71,278	-	-	71,278
Intergovernmental	198,885	\$ 164,127	\$ 105,672	468,684
Charges for services	402,177	-	-	402,177
Fines and forfeitures	91,248	-	-	91,248
Interest	1,921	781	-	2,702
Other	25,673	-	-	25,673
Total revenues	1,741,455	164,908	105,672	2,012,035
EXPENDITURES				
Current:				
General government	315,957	-	-	315,957
Public safety	736,781	-	-	736,781
Streets	302,766	-	-	302,766
Sanitation	254,775	-	-	254,775
Recreation	163,773	-	-	163,773
Community services	13,380	-	-	13,380
Airport	175,177	-	-	175,177
Capital outlay	-	438,863	57,844	496,707
Debt service:				
Principal	87,240	25,315	-	112,555
Interest	11,292	-	-	11,292
Total expenditures	2,061,141	464,178	57,844	2,583,163
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(319,686)	(299,270)	47,828	(571,128)
OTHER FINANCING SOURCES (USES)				
Proceeds from capital leases	90,897	235,500	-	326,397
Transfers out	(60,000)	(22,877)	-	(82,877)
Sale of capital assets	1,445	-	-	1,445
Total other financing sources (uses)	32,342	212,623	-	244,965
NET CHANGE IN FUND BALANCES	(287,344)	(86,647)	47,828	(326,163)
FUND BALANCES, JULY 1, 2018	1,308,538	281,592	197,152	1,787,282
FUND BALANCES, JUNE 30, 2019	\$ 1,021,194	\$ 194,945	\$ 244,980	\$ 1,461,119

See accompanying notes to the basic financial statements.

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

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

Net Changes In Fund Balances - Total Governmental Funds \$ (326,163)

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 as depreciation expense. This is the amount by which capitalized capital outlay exceeded depreciation expense in the current period.

	Depreciation expense	\$ (311,495)	
	Capital outlay	<u>597,937</u>	
		286,442	

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.

	Property taxes:		
	Unavailable revenue @ 6/30/19	87,412	
	Unavailable revenue @ 6/30/18	<u>(60,415)</u>	
		26,997	

Other financing sources for proceeds from notes payable and capital leases are reported on the fund level operating statement but are reported as a liability on the government-wide financial statements.

Repayment of capital lease and note payable principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

The change in the net pension obligation and pension related deferred outflows and deferred inflows is reported on the government-wide statement of activities but not in the governmental funds.

		32,933	
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Some expenses reported in the statement of activities, such as compensated absences do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

	Liability @ 6/30/19	(15,132)	
	Liability @ 6/30/18	<u>12,229</u>	
		(2,903)	

Change In Net Position of Governmental Activities

\$ (196,536)

See accompanying notes to the basic financial statements.

CITY OF REIDSVILLE, GEORGIA

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 323,085	\$ 263,770	\$ (59,315)
Sales	180,000	183,956	3,956
Franchise	165,000	147,191	(17,809)
Insurance premium	150,000	186,713	36,713
Alcoholic beverage	95,000	72,667	(22,333)
Other	105,000	95,976	(9,024)
Licenses and permits	110,000	71,278	(38,722)
Intergovernmental	50,000	198,885	148,885
Charges for services	336,750	402,177	65,427
Fines and forfeitures	117,500	91,248	(26,252)
Interest	1,000	1,921	921
Other	144,600	25,673	(118,927)
Total revenues	<u>1,777,935</u>	<u>1,741,455</u>	<u>(36,480)</u>
EXPENDITURES			
Current:			
General government	292,370	315,957	(23,587)
Public safety:			
Police	699,275	559,624	139,651
Fire	58,500	177,157	(118,657)
Streets	356,650	302,766	53,884
Sanitation	250,000	254,775	(4,775)
Recreation	82,760	163,773	(81,013)
Community services	13,380	13,380	-
Airport	4,100	175,177	(171,077)
Debt service:			
Principal	14,000	87,240	(73,240)
Interest	200	11,292	(11,092)
Total expenditures	<u>1,771,235</u>	<u>2,061,141</u>	<u>(289,906)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	6,700	(319,686)	(326,386)
OTHER FINANCING SOURCES			
Proceeds from capital lease	-	90,897	90,897
Sale of capital assets	-	1,445	1,445
Transfers out	-	(60,000)	(60,000)
Total other financing sources	-	32,342	32,342
NET CHANGE IN FUND BALANCE	6,700	(287,344)	(294,044)
FUND BALANCE, JULY 1, 2018	1,308,538	1,308,538	-
FUND BALANCE, JUNE 30, 2019	<u>\$ 1,315,238</u>	<u>\$ 1,021,194</u>	<u>\$ (294,044)</u>

See accompanying notes to the basic financial statements.

CITY OF REIDSVILLE, GEORGIA
STATEMENT OF NET POSITION
WATER AND SEWER FUND
JUNE 30, 2019

	Current Assets
	Cash and cash equivalents
	Restricted cash and cash equivalents
	Accounts receivable
	Inventories
	Prepaid insurance
	Total Current Assets
	Noncurrent Assets
	Restricted Assets - Cash and cash equivalents
	Capital Assets
	Land
	Buildings
	Water and sewer system
	Machinery and equipment
	Less accumulated depreciation
	Total Capital Assets
	Total Noncurrent Assets
	Total Assets
\$ 106,236	
88,195	
81,859	
344	
3,784	
280,418	
<hr/>	
Current Liabilities	
	Accounts payable
	Accrued interest payable
	Customer deposits
	Compensated absences payable - Current
	Revenue bonds payable - Current
	Due to general fund
	Total Current Liabilities
	Long-term Liabilities
	Compensated absences payable (net of current portion)
	Net pension obligation
	Revenue bonds payable (net of current portion)
	Total Long-term Liabilities
	Total Liabilities
21,158	
7,905	
88,195	
2,041	
117,194	
766,913	
1,003,406	
<hr/>	
DEFERRED OUTFLOWS OF RESOURCES	
	Resources related to pensions
11,440	
<hr/>	
LIABILITIES	
	DEFERRED INFLOWS OF RESOURCES
	Resources related to pensions
25,965	
<hr/>	
NET POSITION	
	Net investment in capital assets
	Restricted for debt service
	Unrestricted
	Total Net Position
(108,673)	
296,999	
(658,247)	
\$ (469,921)	

See accompanying notes to the basic financial statements.

CITY OF REIDSVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
WATER AND SEWER FUND
FOR THE YEAR ENDED JUNE 30, 2019

	OPERATING REVENUES
	Water and sewer sales
	Tap and connection fees
	Late charges
	Rental income
	Other income
	Total operating revenues
	735,170
	OPERATING EXPENSES
	Salaries
	Payroll taxes
	Employee benefits/Uniforms
	Retirement
	Utilities
	Postage
	Computer support
	Contracted services
	Chemicals
	Professional services
	Insurance
	Materials and supplies
	Gasoline, oil, etc.
	Repairs and maintenance
	Travel
	Telephone
	Engineering
	Equipment rental
	Depreciation
	Bad debts
	Other
	Total operating expenses
	938,300
	OPERATING LOSS
	(203,130)
	NONOPERATING REVENUE (EXPENSE)
	Interest income
	Interest expense
	Total nonoperating revenue (expense)
	(159,600)
	LOSS BEFORE TRANSFERS
	(362,730)
	TRANSFERS (IN) OUT
	82,877
	CHANGE IN NET POSITION
	(279,853)
	NET POSITION, JULY 1, 2018
	(190,068)
	NET POSITION, JUNE 30, 2019
	\$ (469,921)

See accompanying notes to the basic financial statements.

CITY OF REIDSVILLE, GEORGIA

STATEMENT OF CASH FLOWS

WATER AND SEWER FUND

FOR THE YEAR ENDED JUNE 30, 2019

	CASH FLOWS FROM OPERATING ACTIVITIES	\$ 743,199
	Cash received from customers	(243,377)
	Cash payments to employees for salaries and benefits	(396,614)
	Cash payments for goods and services	103,208
	Net cash provided by operating activities	<u>103,208</u>
	CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	60,060
	Advances from (to) other funds	60,000
	Transfers in	60,060
	Net cash provided by noncapital financing activities	<u>120,060</u>
	CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(22,877)
	Purchases of capital assets	(22,877)
	Transfers from capital projects fund	22,877
	Principal payments on revenue bonds payable	(111,383)
	Interest payments	(163,346)
	Net cash used by capital and related financing activities	<u>(274,728)</u>
	CASH FLOWS FROM INVESTING ACTIVITIES	3,472
	Interest received	3,472
	NET DECREASE IN CASH	(47,988)
	CASH AND CASH EQUIVALENTS, JULY 1, 2018	539,418
	CASH AND CASH EQUIVALENTS, JUNE 30, 2019	<u>\$ 491,430</u>
	RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ (203,130)
	Operating loss	295,162
	Adjustments:	8,145
	(Increase) decrease in operating assets and deferred outflows of resources:	(2,483)
	Accounts receivable	3,803
	Prepaid insurance	14,642
	Deferred outflows related to pensions	(116)
	Increase (decrease) in operating liabilities and deferred inflows of resources:	2,667
	Accounts payable	(13,222)
	Customer deposits	(2,260)
	Compensated absences payable	103,208
	Net pension obligation	\$ 103,208
	Deferred inflows related to pensions	(2,260)
	Net cash provided by operating activities	<u>\$ 103,208</u>

See accompanying notes to the basic financial statements.

The City of Reidsville was chartered by an act of the General Assembly of the State of Georgia. The City operates under a Council/Mayor form of government and provides the following services as authorized by its charter: public safety (police and fire), streets, sanitation, recreation, planning and zoning, community development, and general administrative services. In addition, the City operates a water and sewer system.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting. The City also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities at the government-wide financial reporting level and to its enterprise fund at the fund reporting level, provided they do not conflict with or contradict GASB pronouncements.

The most significant of the City's accounting policies are described below.

1-A. Reporting Entity

The City has no potential component units that should be considered for inclusion in the reporting entity.

Related Organizations

The Housing Authority of the City of Reidsville, Georgia is considered a related organization based upon the criteria in GASB Statement 14. The Housing Authority is a legally separate entity having a board composed of members appointed by the City of Reidsville, Georgia. The City of Reidsville, Georgia is not able to impose its will upon the Housing Authority and a financial benefit/burden relationship does not exist between them. Therefore, based upon the criteria above, the Housing Authority of the City of Reidsville, Georgia is a related organization and is excluded from the reporting entity.

1-B. Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements – The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the City as a whole. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes, grants and the City's general revenues, from business-type activities, generally financed in whole or part with service charges to external customers.

The statement of net position presents the financial position of the governmental and business-type activities of the City.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments are stated at fair value based on quoted market prices.

Georgia law authorizes the City to invest in the following type of obligations:

- Obligations of the State of Georgia or of any other states
- Obligations of the United States Government
- Obligations fully insured or guaranteed by the United States Government or United States Government agency
- Obligations of any corporation of the United States Government
- Prime bankers' acceptances
- The State of Georgia local government investment pool (i.e., Georgia Fund I)
- Repurchase agreements
- Obligations of the other political subdivisions of the State of Georgia

Receivables

All trade and property tax receivables are reported net of an allowance for uncollectibles, where applicable.

Intertund Balances

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "due from/to other funds." These amounts are eliminated in the governmental and business-type activities columns on the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are reclassified and presented as internal balances on this statement. These amounts are ultimately eliminated from the total column on the statement of net position.

Consumable Inventories

On the government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used (i.e., the consumption method).

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2019, are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed. At the fund reporting level, an equal amount of fund balance is reported as nonspendable since this amount is not available for general appropriation.

CITY OF REIDSVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted Assets – Cash and Cash Equivalents

Restricted cash includes amounts set aside to meet the requirements of applicable bond covenants of the water and sewer revenue bonds.

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary fund. These assets generally result from expenditures in governmental funds. The City reports these assets in the governmental activities column of the government-wide statement of net position but does not report these assets in the City fund financial statements. Capital assets utilized by the proprietary fund are reported in the business-type activities column of the government-wide statement of net position and in the proprietary fund's statement of net position.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of one thousand dollars. The City's infrastructure consists of roads, bridges and water and sewer lines. For roads and bridges, the City will only capitalize infrastructure constructed after June 30, 2003. Improvements to capital assets are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed. Interest incurred during the construction of capital assets utilized by the enterprise fund is capitalized.

All reported capital assets are depreciated except for land, right-of-ways and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Buildings	15 - 30 years
Improvements other than buildings	15 - 30 years
Machinery and equipment	5 - 10 years
Water and sewer system	25 - 40 years
Infrastructure	15 - 25 years

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

At the inception of capital leases at the governmental fund reporting level, expenditures and an "other financing source" of an equal amount are reported at the net present value of future minimum lease payments.

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

All compensated absence liabilities include salary-related payments, where applicable.

The total compensated absence liability is reported on the government-wide financial statements. The proprietary fund reports the total compensated liability at the fund reporting level. Governmental funds report the compensated absence liability at the fund reporting level only "when due."

Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of those funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are "due for payment" during the current year. Capital leases are recognized as a liability in the governmental fund financial statements when due.

Bond Premiums, Discounts and Issuance Costs

On the government-wide statement of net position and the proprietary fund type statement of net position, bond premiums and discounts are netted against bonds payable. On the government-wide and proprietary fund type statement of activities, bond premiums and discounts are amortized over the life of the bonds using the effective interest method and bond issuance costs are expensed in the current period.

At the governmental fund reporting level, bond premiums and discounts are reported as other financing sources and uses, separately from the face amount of the bonds issued. Bond issuance costs are reported as an expenditure.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City only has one item that qualifies for reporting in this category. It is resources related to pensions reported at the government-wide level for governmental and business-type activities and at the fund level for enterprise funds.

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 a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has an item which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available. The City also has deferred inflows of resources related to its pension plan reported at the government-wide level for governmental and business-type activities and at the fund level for its proprietary fund.

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 current assets and current liabilities. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

Nonspendable – Fund balances are reported as nonspendable 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 the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or 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 formal action of the City Council through the adoption of a resolution. Only the City Council also may modify or rescind the commitment.

Assigned – Fund balances are reported as assigned when amounts are constrained by the City Council’s intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the City Council has authorized the City Clerk to assign fund balances.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Negative unassigned fund balances may be reported in all funds.

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:

- Committed
- Assigned
- Unassigned

Net Position – Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. All other net position is reported as unrestricted.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the City, these revenues are charges for services for water and sewer. Operating expenses are necessary costs incurred to provide the water and sewer services and includes administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, tap-in fees to the extent they exceed the cost of the connection to the system, or from grants or outside contributions of resources restricted to capital acquisition and construction.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intertund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Intertund transfers are reported as other financing sources/uses in governmental funds and after the non-operating revenues/expenses section in proprietary funds. Repayment from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements (i.e., they are netted).

Transfers between governmental and business-type activities on the government-wide statement of activities are reported as general revenues. Transfers between funds reported in the governmental activities column are eliminated. Transfers between governmental and business-type activities are eliminated from the total column.

Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Comparative Data

Comparative total data for the prior year have been presented only for individual funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified to be consistent with the current year's presentation.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

The City adopts an annual operating budget for the general fund and the capital projects funds. The budget resolution reflects the total of each department's appropriation in each fund.

All budgets are adopted on a basis consistent with GAAP.

The legal level of control (the level at which expenditures may not legally exceed appropriations) for each adopted annual operating budget generally is the department level within each individual fund. Any change in total to a fund or departmental appropriation within a fund requires approval of the City Council.

During the year, the City Council approved budget revisions.

All unexpended annual appropriations lapse at year-end.

**CITY OF REIDSVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Excess of Expenditures over Appropriations

For the year ended June 30, 2019, expenditures exceeded appropriations for the following departments within the general fund:

General government	\$ 23,587
Fire	118,657
Sanitation	4,775
Recreation	81,013
Airport	171,077
Debt service	84,332

These overexpenditures were funded primarily by use of available fund balance.

NOTE 3 – CASH DEPOSITS

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk.

At June 30, 2019, the carrying amount of the City's deposits (checking and certificates of deposit) was \$1,194,276 and the bank balance was \$1,312,936. Of the bank balance, \$434,139 was covered by federal depository insurance, and \$878,797 was collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.

NOTE 4 – PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1. Property taxes are billed on or about October 20th of each year and are payable within sixty days. The City bills and collects its own property taxes. Property tax revenues at the fund reporting level are recognized when levied to the extent that they result in current receivables (i.e., collectible in 60 days). For the year ended June 30, 2019, property taxes were levied on December 1, 2018, and were due February 1, 2019.

NOTE 5 – RECEIVABLES

Receivables at June 30, 2019, consisted of taxes, interest, accounts (billings for user charges) and intergovernmental receivables arising from grants.

Receivables are recorded on the City's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and collectability. The allowance for uncollectible accounts netted against receivables at June 30, 2019 for the water and sewer fund totaled \$34,000 and \$43,000 for the general fund.

CITY OF REIDSVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS

NOTE 8 – CAPITAL ASSETS

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

Governmental Activities:	7/1/2018	Additions	Deductions	Balance 6/30/2019
Capital assets not being depreciated:	\$ 335,058	-	-	\$ 335,058
Land	-	-	-	-
Construction in progress	335,058	-	-	335,058
Total capital assets not being depreciated:	335,058	-	-	335,058
Capital assets being depreciated:	1,435,162	-	-	1,435,162
Buildings	1,435,162	-	-	1,435,162
Improvements other than buildings	2,075,793	-	-	2,075,793
Machinery and equipment	1,861,897	\$ 540,093	-	2,401,990
Infrastructure	1,640,716	57,844	-	1,698,560
Total capital assets being depreciated	7,013,568	597,937	-	7,611,505
Total capital assets	7,348,626	597,937	-	7,946,563
Accumulated depreciation:	814,115	46,060	-	860,175
Buildings	814,115	46,060	-	860,175
Improvements other than buildings	1,091,375	60,052	-	1,151,427
Machinery and equipment	1,605,451	123,347	-	1,728,798
Infrastructure	290,734	82,036	-	372,770
Total accumulated depreciation	3,801,675	311,495	-	4,113,170
Governmental activities capital assets, net	\$ 3,546,951	\$ 286,442	\$ -	\$ 3,833,393

Governmental activities depreciation expense:

General government	\$ 53,547
Public safety	83,256
Streets	108,426
Recreation	32,328
Airport	33,938
Total governmental activities depreciation expense	\$ 311,495

CITY OF REIDSVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 8 – CAPITAL ASSETS (Continued)

The following table presents the changes in capital assets for the City's enterprise fund:

	Balance 7/1/2018	Additions	Deductions	Balance 6/30/2019
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 410,942	-	\$ -	\$ 410,942
Capital assets being depreciated:				
Water and sewer system	10,882,913	-	-	10,882,913
Buildings	48,609	-	-	48,609
Machinery and equipment	329,761	\$ 22,876	-	352,637
Total capital assets being depreciated	11,261,283	22,876	-	11,284,159
Total capital assets	11,672,225	22,876	-	11,695,101
Accumulated depreciation:				
Water and sewer system	7,985,273	281,425	-	8,266,698
Buildings	30,796	1,193	-	31,989
Machinery and equipment	286,636	12,544	-	299,180
Total accumulated depreciation	8,302,705	295,162	-	8,597,867
Business-type activities capital assets, net	\$ 3,369,520	\$ (272,286)	\$ -	\$ 3,097,234

NOTE 9 – WATER AND SEWER REVENUE BONDS

Series 1996

In 1997, the City issued \$4,739,800 in City of Reidsville Water and Sewer Revenue Bonds, Series 1996. The bonds were issued to provide funds for upgrading its water and sewer system.

Deposits in the sinking fund are to be made as follows:

There shall be paid from the revenue fund into the debt service account the monthly installment of principal and interest coming due on the bonds.

There shall be paid from the revenue fund into the reserve account an amount equal to 10 percent of said monthly installment of principal and interest coming due on the bonds. Said monthly deposits shall continue to be made until there is established and maintained a debt service reserve sufficient to pay the principal and interest due on the bonds in the next succeeding sinking fund year.

CITY OF REIDSVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 9 – WATER AND SEWER REVENUE BONDS (Continued)

The revenue bonds are due in monthly installments of \$22,894, including interest at 5 percent, from April, 1997 through December, 2036.

As of June 30, 2019, annual debt service requirements for the series 1996 revenue bonds are as follows:

Year Ending	Principal	Interest	Total
2020	\$ 117,194	\$ 157,534	\$ 274,728
2021	123,190	151,538	274,728
2022	129,492	145,236	274,728
2023	136,117	138,611	274,728
2024	143,081	131,647	274,728
2025-2029	832,995	540,645	1,373,640
2030-2034	1,069,031	304,609	1,373,640
2035-2037	654,807	32,013	686,820
	<u>\$ 3,205,907</u>	<u>\$ 1,601,833</u>	<u>\$ 4,807,740</u>

NOTE 10 – CAPITAL LEASES

The City has entered into a lease agreement as lessee for financing of public safety equipment and a street sweeper totaling \$326,397. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of inception. Amortization of the cost of the leased assets is included in depreciation expense in the government-wide financial statements and accumulated depreciation was \$28,282 at June 30, 2019.

The following is a schedule of future minimum lease payments under the capital leases and the present value of the net minimum lease payments at June 30, 2019:

Year ending June 30	Total minimum lease payments	Less amount representing interest	Present value of future minimum lease payments
2020	63,312		\$ 63,312
2021	63,312		63,312
2022	63,312		63,312
2023	63,312		63,312
2024	43,147		43,147
	<u>296,394</u>	<u>32,238</u>	<u>\$ 264,156</u>

NOTE 11 – NOTE PAYABLE

In October, 2015, the City entered into an installment sales agreement with the Georgia Municipal Association (GMA) for the purchase of the new city hall building and land for \$425,000. The agreement was assigned by GMA to Sharon Cheney. The agreement requires 180 monthly payments of \$2,935 including interest at 3% through December 1, 2030.

As of June 30, 2019, annual debt service requirements for the note payable are as follows:

Year ending	Principal	Interest	Total
June 30	\$ 25,363	\$ 9,855	\$ 35,218
2020	26,135	9,084	35,219
2021	26,930	8,289	35,219
2022	27,749	7,470	35,219
2023	28,593	6,626	35,219
2024	156,550	19,545	176,095
2025-2029	48,789	1,106	49,895
2030-2031	\$ 340,109	\$ 61,975	\$ 402,084

NOTE 12 – CHANGES IN LONG-TERM DEBT

	Outstanding July 1, 2018	Additions	Reductions	Outstanding June 30, 2019	Amounts Due in One Year
Governmental Activities					
Compensated absences	\$ 12,229	\$ 2,903	-	\$ 15,132	\$ 3,026
Note payable	364,724	-	24,615	340,109	25,363
Capital leases payable	25,699	326,397	87,940	264,156	52,253
Total Governmental Activities	\$ 402,652	\$ 329,300	\$ 112,555	\$ 619,397	\$ 80,642
Business-Type Activities					
Compensated absences	\$ 7,536	\$ 2,667	-	\$ 10,203	\$ 2,041
Revenue bonds payable	3,317,290	-	111,383	3,205,907	117,194
Total Business-Type Activities	\$ 3,324,826	\$ 2,667	\$ 111,383	\$ 3,216,110	\$ 119,235

The capital lease obligations and note payable will be paid from the General Fund and Special Sales Tax Capital Projects Fund. The compensated absences liability will be paid from the General Fund for governmental activities and from the Water and Sewer Fund for business-type activities. Principal and interest payments related to revenue bonds payable for the City's Water and Sewer System are financed from income derived from the operation of the Water and Sewer System.

NOTE 13 – EMPLOYEE RETIREMENT PLAN

Plan Description

The City's defined benefit pension plan, the City of Reidsville Retirement Plan (the "Plan"), provides retirement and disability benefits and death benefits to plan members and beneficiaries. The Plan is affiliated with the Georgia Municipal Employees Benefit System (GMEBS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for cities in the State of Georgia. The City is assigned the authority to establish and amend benefit provisions of the Plan. GMEBS issues a publicly available financial report that includes financial statements and required supplementary information. The report can be obtained by writing to Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street, SW, Atlanta, Georgia 30303 or by calling (404) 688-0472.

Benefits Provided

The Plan provides retirement benefits to eligible employees of the City. All regular employees meeting the eligibility requirements are covered under the plan. Municipal legal officers are not eligible to participate in the plan. In order to be eligible for participation, regular employees must work a minimum of twenty hours per week for at least five months per year. Regular employees are required to complete one year of continuous, uninterrupted service with the City to qualify for participation in the plan. Participation is mandatory for all eligible employees.

Plan participants are eligible to receive early retirement benefits at the age of fifty-five with the completion of ten years of total credited service. Normal retirement benefits may be received at the age of sixty-five with five years of total credited service.

Normal retirement benefits are calculated based on a flat percentage of 1.25 percent of final average earnings multiplied by years of total credited service as an eligible regular employee. The number of years of total credited service which may be used to calculate the benefit is not limited. Monthly benefits are paid at 1/12th of the calculated amount. The same formula is used for all participants who are regular employees. Final average earnings are the annual average of earnings paid to a participant by the City for the five consecutive years of credited service preceding the participant's most recent termination in which the participant's earnings were the highest. All elected or appointed members of the governing authority eligible to participate will receive \$11 per month of each year of total credited service.

Final average earnings for participants electing to receive early retirement benefits are reduced by a percentage ranging from 6.7 percent to 50 percent depending on the number of years benefits are received prior to normal retirement age.

Disability retirement benefits shall be computed in the same manner as the normal retirement benefit, based upon the participant's accrued benefit as of his disability retirement date. The minimum disability benefit will be no less than 20% of the participant's average monthly earnings for the twelve calendar month period immediately preceding his termination of employment as a result of a disability.

NOTE 13 – EMPLOYEE RETIREMENT PLAN (Continued)

In-service death benefits are payable to the participant's pre-retirement beneficiary, equal to the decreased monthly retirement benefit that would have otherwise been payable to the participant, had he elected a 100% joint and survivor benefit under the plan. In order to be eligible for this benefit, a participant must have 10 years of total credited service. Terminated vested death benefits are payable to the participant's pre-retirement beneficiary, equal to the decreased monthly retirement benefit that would have otherwise been payable to the plan.

Employees Covered by Benefit Terms

At January 1, 2019, the most recent actuarial valuation, there were 46 participants as follows:

Active participants	29
Retirees and beneficiaries	15
Vested former employees	13
	<u>57</u>

Contributions

The Plan is subject to minimum funding standards of the Public Retirement Systems Standards Law (Georgia Code Section 47-20-10). The estimated minimum annual contribution under these standards is \$37,328. This minimum contribution has been determined as the sum of 1) the normal cost (including administrative expenses), 2) the 30-year level percentage of payroll amortization of the unfunded actuarial accrued liability or the 10-year level percentage of payroll amortization of the surplus, and 3) interest on these amounts from the valuation date to the date contributions are paid (assumed monthly). The GMBBS Board of Trustees has adopted an actuarial funding policy that requires a different funding level than the estimated minimum annual contribution to minimize fluctuations in annual contribution amounts and to accumulate sufficient funds to secure benefits under the Plan. If the employer contributes the recommended contribution developed under the actuarial funding policy each year, the Plan will meet applicable state funding standards.

Net Pension Liability

The City's net pension liability was measured as of September 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019.

Actuarial Assumptions

The total pension liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Salary increases	4.65 percent, average, including inflation
Investment rate of return	7.50 percent, net of pension plan investment expenses, including inflation

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females.

The actuarial assumptions used in the January 1, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010 to June 30, 2014.

NOTE 13 – EMPLOYEE RETIREMENT PLAN (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	45%	6.40%
International equity	20%	7.40%
Global fixed income	5%	3.03%
Domestic fixed income	20%	1.75%
Real estate	10%	5.10%
	100%	

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

	(a)	(b)	(c) = (a)-(b)
Balance, September 30, 2017	\$ 1,123,098	\$ 920,289	\$ 202,809
Changes for the year:			
Service cost	15,864	-	15,864
Interest	83,301	-	83,301
Contributions from the employer	-	48,294	(48,294)
Net investment income	-	91,060	(91,060)
Difference between expected and actual experience	(17,837)	-	(17,837)
Change of assumptions	-	-	-
Benefit payments, including refunds of employee contributions	(56,568)	(56,568)	-
Administrative expenses	-	(7,520)	7,520
Other changes	24,760	75,266	(50,506)
Net Changes	1,147,858	995,555	152,303
Balance, September 30, 2018	\$ 1,147,858	\$ 995,555	\$ 152,303

CITY OF REIDSVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 13 – EMPLOYEE RETIREMENT PLAN (Continued)

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the City, calculated using the discount rate of 7.50 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent) or one percentage point higher (8.50 percent) than the current rate:

Discount Rate - 1%	Current Discount Rate	Discount Rate + 1%
City's net pension liability \$ 287,191	\$ 152,303	\$ 38,807
(6.50%)	(7.50%)	(8.50%)

For the year ended June 30, 2019, the City recognized pension expense of \$6,101. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions after measurement date \$ 39,183	-
Differences in expected and actual experience 92	\$ (48,865)
Effects of changes in assumptions 9,092	-
Net differences between projected and actual net investment income 9,580	(63,069)
<u>\$ 57,947</u>	<u>\$ (111,934)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30	
2020	\$ 9,957
2021	(38,808)
2022	(20,610)
2023	(4,526)
	<u>\$ (53,987)</u>

CITY OF REIDSVILLE, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
CITY OF REIDSVILLE RETIREMENT PLAN
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2019

	2019 (1)	2018 (1)	2017 (1)	2016 (1)	2015 (1)
Total pension liability	\$ 15,864	\$ 18,785	\$ 17,307	\$ 20,509	\$ 17,991
Service cost	83,301	85,186	81,851	78,204	75,587
Interest	(17,837)	(70,975)	228	7,260	4,783
Differences between expected and actual experience	-	18,183	-	-	(3,788)
Changes of assumptions	(56,568)	(54,509)	(58,212)	(59,602)	(62,020)
Benefit payments, including refunds of employee contributions	24,760	(3,330)	41,174	46,371	32,553
Net change in total pension liability	1,123,098	1,126,428	1,085,254	1,038,883	1,006,330
Total pension liability—beginning	\$ 1,147,858	\$ 1,123,098	\$ 1,126,428	\$ 1,085,254	\$ 1,038,883
Plan fiduciary net position	\$ 48,294	\$ 63,798	\$ 47,660	\$ 48,536	\$ 53,380
Contributions—employer	91,060	120,091	81,419	8,796	76,577
Net investment income	(7,520)	(8,072)	(4,410)	(4,813)	(3,869)
Administrative expense	75,266	121,308	66,457	(7,083)	64,068
Net change in plan fiduciary net position	920,289	798,981	732,524	739,607	675,539
Plan fiduciary net position—beginning	\$ 995,555	\$ 920,289	\$ 798,981	\$ 732,524	\$ 739,607
Plan fiduciary net position—ending (b)	\$ 152,303	\$ 202,809	\$ 327,447	\$ 352,730	\$ 299,276
Net pension liability—ending (a)-(b)	\$ 152,303	\$ 202,809	\$ 327,447	\$ 352,730	\$ 299,276
Plan fiduciary net position as a percentage of the total pension liability	86.73%	81.94%	70.93%	67.50%	71.19%
Covered-employee payroll	481,892	454,726	538,764	454,034	521,734
Net pension liability as a percentage of covered-employee payroll	31.61%	44.60%	60.78%	77.69%	57.36%

(1) Only fiscal years 2019, 2018, 2017, 2016, and 2015 were available. The City will continue to present information for years available until a full 10-year trend is compiled.

Notes to Schedule:

Amounts reported for the fiscal year ending in 2018 and later reflect the following assumption changes based on an actuarial study conducted in September 2017:
 The investment return assumption was decreased from 7.75% to 7.50%.
 The inflation assumption was decreased from 3.25% to 2.75%.

Benefit changes

There were no changes in benefit provisions in the last two fiscal years.

**CITY OF REIDSVILLE, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
CITY OF REIDSVILLE RETIREMENT PLAN
SCHEDULE OF CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2019**

	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 55,147	\$ 54,344	\$ 51,993	\$ 53,160	\$ 48,730
Contributions in relation to the actuarially determined contribution	*	*	*	*	*
Contribution deficiency (excess)	\$ (4,462)	\$ 4,725	\$ (97)	\$ 4,430	\$ 4,430
Covered-employee payroll	454,726	538,764	454,034	521,734	521,734
Contributions as a percentage of covered-employee payroll	*	13.11%	9.21%	11.47%	9.34%

*2019 information will be determined after fiscal year end and will be included in the 2020 valuation report

Notes to Schedule:

The actuarially determined contribution rate was determined as of January 1, 2019, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution rate will be reported for the fiscal year ending June 30, 2020.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Projected Unit Credit
Amortization Method	Closed level dollar for remaining unfunded liability
Remaining Amortization Period	Remaining amortization period varies for the bases, with a net effective amortization period of 10 years
Asset Valuation Method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Actuarial Assumptions:	
Net Investment Rate of Return	7.50%
Projected Salary Increases	2.75% plus service based merit increases
Cost of Living Adjustments	0.00%
Retirement Age	See changes of assumptions in the Notes to Schedule of Changes in the Net Pension Liability.
Mortality	RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females.

**CITY OF REIDSVILLE, GEORGIA
GENERAL FUND
COMPARATIVE BALANCE SHEETS**

	JUNE 30, 2019	JUNE 30, 2018
ASSETS		
Cash	\$ 301,012	\$ 592,550
Receivables:		
Taxes:	90,840	60,627
Property	7,886	8,099
Franchise	14,814	15,633
Sales	6,169	6,858
Alcoholic beverage	7,843	8,801
Other	43,992	40,448
Inventory	825	825
Prepaid items	26,867	6,508
Due from other funds	766,913	706,853
TOTAL ASSETS	\$ 1,267,161	\$ 1,447,202
LIABILITIES		
Accounts payable	\$ 105,066	\$ 46,637
Accrued payroll liabilities	30,791	8,914
Due to other funds	22,698	22,698
Total liabilities	158,555	78,249
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	87,412	60,415
FUND BALANCE		
Nonspendable	27,692	7,333
Restricted	4,538	11,979
Assigned	249,833	156,817
Unassigned	739,131	1,132,409
Total fund balance	1,021,194	1,308,538
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 1,267,161	\$ 1,447,202

CITY OF REIDSVILLE, GEORGIA

GENERAL FUND

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED			
JUNE 30,	JUNE 30,		
2018	2019		
		REVENUES	
		Taxes:	
		Property	
		Sales	
		Franchise	
		Insurance premium	
		Alcoholic beverage	
		Other	
		Licenses and permits	
		Intergovernmental	
		Charges for services	
		Fines and forfeitures	
		Interest	
		Other	
		Total revenues	
		EXPENDITURES	
		Current:	
		General government	
		Public safety	
		Streets	
		Sanitation	
		Recreation	
		Community services	
		Airport	
		Debt service:	
		Principal	
		Interest	
		Total expenditures	
		EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	
		OTHER FINANCING SOURCES (USES)	
		Proceeds from capital lease	
		Transfers out	
		Sale of capital assets	
		Total other financing sources (uses)	
		NET CHANGE IN FUND BALANCE	
		FUND BALANCE, BEGINNING OF YEAR	
		FUND BALANCE, END OF YEAR	

**CITY OF REIDSVILLE, GEORGIA
SPECIAL SALES TAX CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS**

	JUNE 30, 2019	JUNE 30, 2018
ASSETS		
Cash	\$ 178,988	\$ 262,515
Intergovernmental receivable	27,330	41,848
Due from other funds	3,342	3,342
TOTAL ASSETS	<u>\$ 209,660</u>	<u>\$ 307,705</u>
LIABILITIES		
Accounts payable	\$ 14,715	\$ 26,113
FUND BALANCE		
Restricted for capital projects	194,945	281,592
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 209,660</u>	<u>\$ 307,705</u>

CITY OF REIDSVILLE, GEORGIA
SPECIAL SALES TAX CAPITAL PROJECTS FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

YEAR ENDED		YEAR ENDED	
JUNE 30,	2018	JUNE 30,	2019
	\$ 157,514	\$ 164,127	\$ 164,908
	1,524	781	164,908
	<u>159,038</u>		
REVENUES			
Intergovernmental			
Interest			
Total revenues			
EXPENDITURES			
Capital outlay:			
General government			
Public safety			
Streets			
Streets			
Recreation			
Debt service:			
Principal			
Interest			
Total expenditures			
	81,279	2,142	464,178
	63,170	7,500	-
	21,234	413,651	25,315
	6,275	15,570	-
	33,567		15,570
	1,040		413,651
	<u>206,565</u>		15,570
EXCESS (DEFICIENCY) OF REVENUES OVER			
(UNDER) EXPENDITURES			
	(47,527)	(299,270)	(299,270)
OTHER FINANCING SOURCES (USES)			
Proceeds from capital lease	-	235,500	235,500
Transfers out	(25,591)	(22,877)	(22,877)
Total other financing sources (uses)	<u>(25,591)</u>	<u>212,623</u>	<u>212,623</u>
NET CHANGE IN FUND BALANCE	(73,118)	(86,647)	(86,647)
FUND BALANCE, BEGINNING OF YEAR	354,710	281,592	281,592
FUND BALANCE, END OF YEAR	<u>\$ 281,592</u>	<u>\$ 194,945</u>	<u>\$ 194,945</u>

**CITY OF REIDSVILLE, GEORGIA
T-SPLIST CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS**

	JUNE 30, 2019	JUNE 30, 2018
ASSETS		
Cash	\$ 222,846	\$ 174,754
Intergovernmental receivable	2,778	3,042
Due from other funds	22,698	22,698
TOTAL ASSETS	<u>\$ 248,322</u>	<u>\$ 200,494</u>
LIABILITIES		
Due to other funds	\$ 3,342	\$ 3,342
FUND BALANCE		
Restricted for street projects	244,980	197,152
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 248,322</u>	<u>\$ 200,494</u>

CITY OF REIDSVILLE, GEORGIA
T-SPLIT CAPITAL PROJECTS FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

YEAR ENDED		YEAR ENDED	
JUNE 30,		JUNE 30,	
2018		2019	
	\$ 304,831		\$ 105,672
REVENUES			
Intergovernmental			
EXPENDITURES			
Capital outlay:			
Streets			
	209,519		57,844
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	95,312		47,828
FUND BALANCE, BEGINNING OF YEAR	101,840		197,152
FUND BALANCE, END OF YEAR	\$ 197,152		\$ 244,980

CITY OF REIDSVILLE, GEORGIA
WATER AND SEWER FUND
COMPARATIVE STATEMENTS OF NET POSITION

ASSETS	June 30, 2019	June 30, 2018
Current Assets		
Cash and cash equivalents	\$ 106,236	\$ 155,603
Restricted cash and cash equivalents	88,195	88,311
Accounts receivable	81,859	90,004
Inventories	344	344
Prepaid insurance	3,784	1,302
Total current assets	<u>280,418</u>	<u>335,564</u>
Restricted Assets - Cash and cash equivalents	<u>296,999</u>	<u>295,504</u>
Capital Assets		
Land	410,942	410,942
Buildings	48,609	48,609
Water and sewer system	10,882,913	10,882,913
Machinery and equipment	352,637	329,761
Accumulated depreciation	(8,597,867)	(8,302,705)
Total capital assets	<u>3,097,234</u>	<u>3,369,520</u>
Total Assets	<u>3,674,651</u>	<u>4,000,588</u>
DEFERRED OUTFLOWS OF RESOURCES		
Resources related to pensions	<u>11,440</u>	<u>15,243</u>

**CITY OF REIDSVILLE, GEORGIA
WATER AND SEWER FUND
COMPARATIVE STATEMENTS OF NET POSITION**

	June 30, 2019	June 30, 2018
LIABILITIES		
Current Liabilities		
Accounts payable	\$ 21,158	\$ 6,516
Accrued interest payable	7,905	8,180
Customer deposits	88,195	88,311
Compensated absences payable	2,041	1,507
Current portion of revenue bonds payable	117,194	111,490
Due to general fund	766,913	706,853
Total current liabilities	<u>1,003,406</u>	<u>922,857</u>
Long-Term Liabilities		
Compensated absences payable, net of current portion	8,162	6,029
Net pension obligation	29,766	42,988
Revenue bonds payable, net of current portion	3,088,713	3,205,800
Total long-term liabilities	<u>3,126,641</u>	<u>3,254,817</u>
Total liabilities	<u>4,130,047</u>	<u>4,177,674</u>
DEFERRED INFLOWS OF RESOURCES		
Resources related to pensions	25,965	28,225
NET POSITION		
Net investment in capital assets	(108,673)	52,230
Restricted for debt service	296,999	295,504
Unrestricted	(658,247)	(537,802)
Total net position	<u>\$ (469,921)</u>	<u>\$ (190,068)</u>

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 deficiencies described below as 2019-1 through 2019-9 to be material weaknesses.

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. We consider the deficiency described below as 2019-10 to be a significant deficiency.

2019-1 Inaccurate Bank Reconciliations

During our audit, we noted incomplete monthly bank reconciliations. Adjusting journal entries were required to properly state cash balances at June 30, 2019. Unreconciled balances should be researched and resolved in a timely manner. We recommend that the cash reconciliations be prepared on a monthly basis by someone independent of the cash receipts and disbursements process. The Financial Officer should monitor the process and assist in resolving any unreconciled items in a timely manner in order to ensure the accuracy and completeness of all bank reconciliations. Unresolved differences that are not resolved in a timely manner require greater time to research. All items should be corrected in the period they occur.

City Response: We concur with this finding and will review our bank reconciliations to identify and correct discrepancies between the reconciliations and the general ledger.

2019-2 Transaction Posting

We noted transactions that were not recorded on the computerized accounting system, including transactions in special accounts maintained by other departments. We also noted transactions that were posted to incorrect general ledger accounts. This required additional time to research and adjusting journal entries were needed to properly state these transactions. The Financial Officer should ensure that activity for all City bank accounts is properly posted to the general ledger to accurately reflect the financial information of the City.

City Response: We concur with this finding and will implement procedures including timely bank reconciliations to ensure that all transactions are properly posted to the general ledger using the computerized accounting system.

2019-3 Payroll Liability Accounts

During our audit we noted that payroll liability accounts are not being reviewed and reconciled on a periodic basis. Payroll liability accounts should be reviewed to ensure accuracy and completeness on a monthly or quarterly basis. We recommend the payroll clerk be responsible for this task and that the Financial Officer review the reconciliation of the payroll liability accounts on a periodic basis.

City Response: We concur with this finding and we will implement procedures for the review and reconciliation of payroll liability accounts on at least a quarterly basis.

2019-4 Intelfund Balances not reconciled

Intelfund receivables and payables between the general fund and the water and sewer fund did not balance on the June 30, 2019 trial balances provided for the annual audit. Intelfund receivables and payables should be reconciled on a monthly basis.

City Response: We concur with this finding and we will implement procedures to make sure interfund receivables and payables are reconciled on a monthly basis.

2019-5 Customer Accounts Receivable and Customer Deposits

At June 30, 2019, the subsidiary ledgers for customer accounts receivable and customer deposits held for utility billing did not agree to the related general ledger account balances. The accounts receivable and customer deposits subsidiary ledgers should be reconciled to the general ledger on a monthly basis.

City Response: We agree that the customer accounts receivable detail and customer deposits detail should be reconciled to the general ledger each month. The City Clerk will be responsible for performing this task each month.

2019-6 Recording of Year End Accruals for the Financial Statements

The City's internal control procedures to ensure that all year-end accruals, such as receivables, accounts payable, prepaid items, and unearned revenue, are included in the financial statements are inadequate. Many of the adjusting journal entries needed to record these accruals were material to the City's financial statements.

City Response: We concur with this finding and we will implement procedures to make sure all applicable accruals are included in the year-end financial statements.

2019-7 Posting of Cash Collections and Billings

The City's internal control procedures to ensure that all cash collections and billings are posted to the general ledger are inadequate. Therefore, cash and revenue were understated and accounts receivable overstated. The adjusting journal entries needed to record the ACH drafts for utility payment collections, as well as the revenue for the 2018 property tax billing were material to the City's financial statements and required additional time to research.

City Response: We concur with this finding and we will implement procedures to make sure all collections and billings are properly posting to the general ledger.

2019-8 Payroll Tax Liabilities

We noted some payroll tax deposits were not made timely. The City incurred significant penalties and interest as a result of late payroll tax deposits.

City Response: We concur with this finding and we will make efforts to ensure that all payroll tax deposits are made timely in the future.

2019-9 Accounting for capital leases
During our audit we noted new capital leases for \$326,397 for street and fire equipment that were not recorded in the City's financial statements. At the inception of capital leases at the governmental fund reporting level, expenditures and other financing source called "proceeds from capital leases" of an equal amount should be recorded at the net present value of the future minimum lease payments.

City response: We concur with this finding, and we will implement procedures to make sure that as new capital leases are entered into, a copy of the lease agreement is forwarded to the City Clerk who will be responsible for recording the capital lease in the City's accounting records

2019-10 Budget Amendments
As noted in Note 2 to the financial statements, expenditures exceeded appropriations at the legal level of control for some general fund departments.

City Response: The over expenditures were the result of not properly budgeting for certain expenditures and not properly amending the budget during the year. In the future, the City Clerk will be responsible for closely monitoring expenditures and requesting budget amendments as considered necessary.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Reidsville, 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 Reidsville, Georgia's Response to Findings

City of Reidsville, Georgia's response to the findings identified in our audit is described above. City of Reidsville, 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.

Janice, Dal & Martin

Statesboro, Georgia
June 24, 2020

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 below, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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

Internal Control Over Financial Reporting

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, and each major fund of the City of Reidsville, Georgia, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise City of Reidsville, Georgia's basic financial statements, and have issued our report thereon dated June 24, 2020.

To the City Council
City of Reidsville, Georgia

**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**

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