

CITY OF GREENSBORO, GEORGIA

AUDIT REPORT

**FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2010**

CITY OF GREENSBORO, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

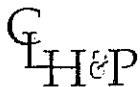
TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1-2
MANAGEMENT'S DISCUSSION & ANALYSIS	3-11
FINANCIAL STATEMENTS	
Government-wide Financial Statements:	
Statement of Net Assets	12
Statement of Activities	13
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	14
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	15
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	17
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	18
Statement of Net Assets – Proprietary Funds.....	19-20
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds.....	21-22
Statement of Cash Flows – Proprietary Funds	23-24
Notes to the Financial Statements.....	25-45
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Pension Funding Progress.....	46

CITY OF GREENSBORO, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

TABLE OF CONTENTS

	<u>Page</u>
SUPPLEMENTARY INFORMATION	
<u>Governmental Funds</u>	
Nonmajor Governmental Funds:	
Combining Balance Sheet – Nonmajor Governmental Funds.....	47
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds.....	48
Law Enforcement Confiscation Fund Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	49
Hotel/Motel Tax Fund Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	50
GOVERNMENTAL REPORTS	
Schedule of Projects Constructed with Special Sales Tax Proceeds	51
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	52-53
Schedule of Findings and Responses.....	54



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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of City Council
The City of Greensboro, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Greensboro, Georgia as of and for the year ended September 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Greensboro, Georgia's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Greensboro, Georgia, as of September 30, 2010, and the respective changes in financial position, and where applicable cash flows, and the respective budgetary comparison for the General Fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2011, on our consideration of the City of Greensboro'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

Honorable Mayor and City Council
City of Greensboro, Georgia
Page Two

The management's discussion and analysis information and the schedule of pension funding progress on pages 3 through 11 and page 46, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Greensboro, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements and schedules, budgetary comparison schedules, and the schedule of projects constructed with special sales tax proceeds are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules, the budgetary comparison schedules, and the schedule of projects constructed with special sales tax proceeds have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Macon, Georgia
March 23, 2011



MANAGEMENT'S DISCUSSION & ANALYSIS

CITY OF GREENSBORO, GEORGIA MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Greensboro Georgia, we present management's analysis of the City's financial condition and activities for the fiscal year ended September 30, 2010. This information should be read and considered in conjunction with the financial statements.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of fiscal year 2010 by \$17,426,526 (total net assets). Of this amount, \$3,141,314, (unrestricted net assets) was available for use to meet the City's ongoing obligations to its citizens and creditors.
- The City's total net assets increased by \$844,536 during the most recent fiscal year resulting from governmental and business-type activities. The key factor to this increase is due to the grants received to construct capital projects in the Water and Sewer Fund.
- At the close of fiscal year 2010, the City's governmental funds reported combined ending fund balances of \$974,391. This is an increase of \$210,960 from prior year.
- At the end of the fiscal year, the total fund balance for the general fund was \$121,427.

Overview of the Financial Statements

Management's Discussion and Analysis (MD&A) serves as an introduction to the City of Greensboro's basic financial statements. The City's basic financial statements include the government-wide financial statements, fund financial statements, and notes to the financial statements. The MD&A should be read and considered with the basic audited financial statements and supplementary information.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with an overview of the City's finances in a manner similar to commercial enterprises.

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

The statement of activities presents information showing how the City's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected property taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish between functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, judicial, public safety, public works, culture and recreation, and housing and development. The business-type activities of the City include water and sewer and natural gas.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the City's funds can be divided into governmental funds and proprietary funds.

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

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

The City maintains nine individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances for the general fund and the SPLOST 2009 fund, which are considered major funds. The data from the seven other funds, the nonmajor funds, is aggregated into a single presentation. The individual fund data for each of these nonmajor funds is provided in the form of combining statements on pages 47 through 50.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement for these funds has been provided to demonstrate compliance with this budget. The City also adopted an annual budget for its special revenue funds and SPLOST capital project funds. A project length budget was adopted for its TEA Grant Capital Project fund. Budgetary comparisons for these nonmajor funds are included as supplementary information.

Proprietary funds. The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer system operations, its natural gas system operations and its revolving loan fund operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information on the Water and Sewer Fund, the Natural Gas Fund. These two funds are considered to be major funds of the City.

Notes to the financial statements. The notes provide information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes provide information about the City's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

Other supplementary information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information regarding the City's obligation in funding pension benefits to its employees.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of the City's financial position. The assets exceeded the liabilities at the close of fiscal year 2010 by \$17,426,526.

The largest component of the City's net assets is investment in capital assets (e.g. land, buildings, infrastructure, machinery and equipment); less any related debt used to acquire those assets that are still outstanding, which comprises \$12,747,268 or 73.15%. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Greensboro Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2009	2010	2009	2010	2009	2010
Assets:						
Current assets	\$ 1,006,561	\$ 1,669,607	\$ 2,966,140	\$ 2,429,328	\$ 3,972,701	\$ 4,098,935
Other assets	-	-	1,143,729	1,082,258	1,143,729	1,082,258
Capital assets	3,211,109	3,659,152	12,977,226	12,832,446	16,188,335	16,491,598
Total assets	4,217,670	5,328,759	17,087,095	16,344,032	21,304,765	21,672,791
Liabilities:						
Current liabilities	269,177	179,264	663,797	614,741	932,974	794,005
Long-term liabilities	-	-	3,789,854	3,452,260	3,789,854	3,452,260
Total liabilities	269,177	179,264	4,453,651	4,067,001	4,722,828	4,246,265
Net assets:						
Invested in capital assets, net of related debt	3,211,109	3,659,152	8,938,474	9,088,116	12,149,583	12,747,268
Restricted for debt service	-	-	680,415	684,980	680,415	684,980
Restricted for loans	-	-	280,213	-	280,213	-
Restricted for capital outlay	737,395	752,432	-	-	737,395	752,432
Restricted for other purposes	101,850	100,532	-	-	101,850	100,532
Unrestricted	(101,861)	637,379	2,734,342	2,503,935	2,632,481	3,141,314
Total net assets	\$ 3,948,493	\$ 5,149,495	\$ 12,633,444	\$ 12,277,031	\$ 16,581,937	\$ 17,426,526

An additional portion of the City's net assets, \$1,537,944 or 8.83%, represents resources that are subject to external restrictions on how they may be used. Of this amount, \$100,532 is restricted for Greenview Cemetery. Another category of this portion of the City's net assets is restricted for debt service in the amount of \$684,980; this represents water and sewer reserve accounts set aside as emergency funds for a year's obligation for the City's outstanding water and sewer revenue bonds. \$752,432 is restricted for capital projects. These are SPLOST and TEA grant monies allocated for roads and bridges.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets.

Governmental Activities. Governmental activities increased the City's net assets by \$1,200,949.

City of Greensboro Changes in Net Assets

	Governmental Activities		Business-Type Activities		Totals	
	2009	2010	2009	2010	2009	2010
Revenues:						
Program Revenues:						
Charges for service	\$ 171,818	\$ 194,746	\$ 6,672,938	\$ 6,475,603	\$ 6,844,756	\$ 6,670,349
Operating grants/contributions	140,401	281,325	-	20,000	140,401	301,325
Capital grants/contributions	434,000	879,362	407,816	298,181	841,816	1,177,543
General revenues:						
Property taxes	79,331	1,207,927	-	-	79,331	1,207,927
Sales tax	1,281,750	763,450	-	-	1,281,750	763,450
Franchise tax	369,376	341,260	-	-	369,376	341,260
Insurance Premium tax	181,225	179,525	-	-	181,225	179,525
Other Taxes	247,434	236,307	-	-	247,434	236,307
Investment earnings	9,452	5,296	45,035	98,201	54,487	103,497
Miscellaneous	53,496	50,116	-	-	53,496	50,116
Total revenue	2,968,283	4,139,314	7,125,789	6,891,985	10,094,072	11,031,299
Expenses:						
General government	555,073	556,696	-	-	555,073	556,696
Judicial	90,284	90,475	-	-	90,284	90,475
Public safety	1,582,675	1,684,480	-	-	1,582,675	1,684,480
Public works	573,261	860,735	-	-	573,261	860,735
Culture and recreation	99,314	120,870	-	-	99,314	120,870
Housing and development	454,907	513,311	-	-	454,907	513,311
Water and sewer	-	-	1,641,408	1,757,757	1,641,408	1,757,757
Natural gas	-	-	4,286,296	4,317,932	4,286,296	4,317,932
Revolving loan	-	-	-	284,507	-	284,507
Total Expenses	3,355,514	3,826,567	5,927,704	6,360,196	9,283,218	10,186,763
Change in net assets before transfers	(387,231)	312,747	1,198,085	531,789	810,854	844,536
Transfers	1,001,941	888,202	(1,001,941)	(888,202)	-	-
Change in net assets	614,710	1,200,949	196,144	(356,413)	810,854	844,536
Net Assets, beginning	3,333,836	3,948,546	12,437,300	12,633,444	15,771,136	16,581,990
Net Assets, ending	\$ 3,948,546	\$ 5,149,495	\$ 12,633,444	\$ 12,277,031	\$ 16,581,990	\$ 17,426,526

Revenues. Property taxes of \$1,207,927 and sales tax of \$763,450 accounted for 70.81% of total general revenues.

Operating grants and contributions consisted of the following:

- Public safety – fire protection funds of \$31,754 and student resource officer funds of \$159,844 received from Greene County.
- Brownfield grant of \$89,727.

Capital grants and contributions consisted of the following:

- CDBG Grant of \$6,426
- Department of Transportation grants in the amount of \$149,842
- Police grant in the amount of \$16,603
- SPLOST revenue and interest earnings on the SPLOST funds in the amount of \$706,491.

Expenses. The total expense for the governmental activities is \$3,826,567. The largest single expenditure is public safety. Public safety includes the police, animal control & fire. The total public safety expense is \$1,684,480 or 44.02% of total governmental activity expense.

Business-type activities. The change in net assets for the Business-type activities was a decrease of \$356,413. However, this includes transfers to governmental funds in the amount of \$888,202.

Revenues. Water and sewer revenue was \$1,316,891. Natural gas revenue was \$5,153,701. Water and sewer revenue is derived from the sale of water and sewer services to the citizens of the City. Natural gas revenue is derived from the sale of natural gas to the citizens of the City.

Capital grants and contributions consisted of the following:

- Georgia One Grant of \$92,184

Expenses. Water and sewer operating expense was \$1,757,757. Natural gas operating expense was \$4,317,932.

Financial Analysis of the City of Greensboro's Funds

The City of Greensboro uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$974,391. The general fund is the chief operating fund of the City. At the September 30, 2010, unreserved fund balance of the general fund was \$80,409.

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

Unrestricted net assets of the Water and Sewer Fund at September 30, 2010 amounted to \$338,335; those of the Natural Gas Fund amounted to \$2,165,600. The total change in Water and Sewer net assets was a decrease of \$101,288. The Water and Sewer fund had a net loss of \$(346,257) before contributions and transfers. This is a decrease from the prior year. The Natural Gas fund's net assets increased by \$25,088; However, the Natural Gas fund had a net income of \$951,495 before contributions and transfers.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were relatively minor (\$77,500 increase in appropriations).

This increase was primarily due to a DOT grant which was received during the year which was not anticipated when the original budget was adopted.

During the year, actual revenues were more than budgetary estimates by \$108,358 and actual expenditures were less than budgetary estimates by \$ 261,642. There were no departments which were over budget.

Capital Assets and Debt Administration

Capital Assets. The City's capital asset balance for its governmental and business-type activities as of September 30, 2010 amounts to \$16,491,598 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, infrastructure, building, equipment and vehicles.

Major capital asset events during the current fiscal year include the following:

Governmental-type activities:

- The Police Department purchased equipment for \$12,480.
- The Fire Department purchased equipment which totaled \$25,500.
- The Highways and Street Department paved Martin Luther King Drive for a total cost of \$233,793.
- The City continued the Gateway project and the I-20 Corridor project. During 2010 fiscal year, \$358,604 was spent on these projects.

Business-type activities:

- The City completed the Airport Road Sanitary Sewer project. To date \$1,092,758 has been spent on this project including \$168,515 spent in FY 2010.
- A SCADA system was purchased in the amount of \$39,062.

City of Greensboro
Capital Assets
(net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2009	2010	2009	2010	2009	2010
Land	\$ 1,085,514	\$ 1,085,514	\$ 394,874	\$ 394,874	\$ 1,480,388	\$ 1,480,388
Construction in progress	293,116	61,689	976,785	81,847	1,269,901	143,536
Building & Improvements	1,032,896	1,007,539	9,083,204	9,936,637	10,116,100	10,944,176
Infrastructure	521,976	1,251,632	1,683,989	1,586,314	2,205,965	2,837,946
Equipment	159,078	163,892	838,374	832,774	997,452	996,666
Furniture & fixtures	6,640	5,746	-	-	6,640	5,746
Vehicles	111,889	83,140	-	-	111,889	83,140
Total	\$ 3,211,109	\$ 3,659,152	\$ 12,977,226	\$ 12,832,446	\$ 16,188,335	\$ 16,491,598

Long-term debt. At the end of the current fiscal year, the City had total outstanding revenue bond and loan indebtedness in the amount of \$3,744,330. Water and Sewerage Revenue Bonds account for \$2,533,465. The water and sewerage revenue bonds represent bonds secured solely by a pledge of and a lien on the net revenues of the Water & Sewer System. There is a note payable to GEFA in the Water Sewer Fund of \$1,210,865.

City of Greensboro Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2009	2010	2009	2010	2009	2010
Revenue Bonds	\$ -	\$ -	\$ 2,781,265	\$ 2,533,465	\$ 2,781,265	\$ 2,533,465
Notes Payable	-	-	1,257,487	1,210,865	1,257,487	1,210,865
Total	\$ -	\$ -	\$ 4,038,752	\$ 3,744,330	\$ 4,038,752	\$ 3,744,330

Readers should refer to the notes to the financial statements for more detail on capital assets and long-term debt activity.

Economic Factors and Budgeting Considerations

The City of Greensboro funds around 26% or \$914,100 of the operating cost of the General Fund operations through its enterprise funds, specifically, the sale of natural gas. In the event of a drastic downturn in sales precipitated by business failures, industry relocations or other unforeseen events, the loss of revenue will require a realignment of the level of services and/or the rate of taxation by an equal amount.

Income Dependencies

Revenue generated from the property taxes is the only direct source of income that can be controlled, and at the current millage rate of 5.826, generates about \$99,500 per mill and accounts for 17% of the total General Fund budget.

During times of economic hardship, it can also be expected that other sources of tax revenue will decline as well. For example, Novelis pays on average \$50,000 per month in sales tax to the State, County and School Board. The City of Greensboro shares in the County Local Option Sales tax at a rate of 22.5% of the total county taxes collected. The LOST alone paid to the City would decrease as much as \$1,600 per month as well as the SPLOST declining an equal amount for a yearly total of about \$38,000. The updated 2010 US Census is also expected to impact the distribution by population of the LOST in the near future.

The City is reacting to the hardship by holding the budget tight and limiting its expenditures and projects. Any new projects are precipitated by grants or SPLOST funds, and not from the general fund or enterprise funds.

Cutbacks to compensate for decrease in LOST Revenue

Ideally, the City should find ways to either makeup the decrease in LOST revenue in expanded sales of goods and services through the enterprise funds in order to avoid raising taxes, cutting services or spending reserves.

The only area that remains available, outside of cutting services or raising taxes are employee furloughs and or doing away with positions all together, while also maintaining the same level of service.

There remains the possibility of unforeseen emergencies and maintenance issues that could generate overtime if the work force is reduced too low through job cuts. Therefore, the City implemented furloughs beginning in March 2010.

Furloughs & Changes Still in effect

1. 36 hour work week – applied to all hourly street and utility workers. This will generate a savings of around \$ 67,148 per year.
2. Manpower levels were reduced in March 2010 to a level seen before the last economic boom and will save around \$ 75,294 per year.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the City Manager, City of Greensboro 212 North Main Street, Greensboro, Georgia, 30642.

FINANCIAL STATEMENTS

CITY OF GREENSBORO, GEORGIA

STATEMENT OF NET ASSETS
SEPTEMBER 30, 2010

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Better Hometown	Downtown Development Authority
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ 1,009,769	\$ 819	\$ 1,010,588	\$ 15,951	\$ 152,526
Certificate of deposit	106,468	825,431	931,899	-	-
Restricted cash and cash equivalents:					
Cash and cash equivalents	-	160,109	160,109	-	-
Certificate of deposit	-	527,395	527,395	-	-
Receivables, net of allowance					
Taxes	579,745	-	579,745	-	-
Accounts	26,712	571,760	598,472	-	-
Intergovernmental	203,866	-	203,866	-	-
Internal balances	(297,971)	297,971	-	-	-
Inventory	-	15,338	15,338	-	-
Prepays	41,018	30,505	71,523	-	-
Total current assets	1,669,607	2,429,328	4,098,935	15,951	152,526
Noncurrent assets:					
Investment-joint venture	-	999,620	999,620	-	-
Bond issuance costs	-	82,638	82,638	-	-
Capital assets					
Nondepreciable	1,147,202	476,721	1,623,923	-	50,000
Depreciable, net of accumulated depreciation	2,511,950	12,355,725	14,867,675	-	2,062,629
Total noncurrent assets	3,659,152	13,914,704	17,573,856	-	2,112,629
Total Assets	5,328,759	16,344,032	21,672,791	15,951	2,265,155
LIABILITIES					
Accounts payable	124,196	281,715	405,911	-	-
Accrued expenses	24,319	2,580	26,899	-	-
Customer deposits	-	29,615	29,615	-	-
Noncurrent liabilities					
Due within one year	30,749	300,831	331,580	-	-
Due in more than one year	-	3,452,260	3,452,260	-	878,699
Total Liabilities	179,264	4,067,001	4,246,265	-	878,699
NET ASSETS					
Invested in capital assets, net of related debt	3,659,152	9,088,116	12,747,268	-	1,233,930
Restricted for					
Debt service	-	684,980	684,980	-	-
Capital outlay	752,432	-	752,432	-	-
Other purposes	100,532	-	100,532	-	-
Unrestricted	637,379	2,503,935	3,141,314	15,951	152,526
Total Net Assets	\$ 5,149,495	\$ 12,277,031	\$ 17,426,526	\$ 15,951	\$ 1,386,456

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

CITY OF GREENSBORO, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

Functions/Programs	Program Revenues						Net (Expense) Revenue and Changes in Net Assets			Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Primary Government		Better Hometown	Downtown Development Authority
								Revenue	Change in Net Assets		
Primary Government:											
Governmental Activities											
General government	\$ 556,696	\$ 3,866	\$ 89,727	\$ 27,740	\$ (435,363)	\$ -	\$ (435,363)				
Judicial	90,475	-	-	-	(90,475)	-	-				
Public safety	1,684,480	190,880	191,598	116,469	(1,185,533)	-	(1,185,533)				
Public works	860,735	-	-	679,672	(181,063)	-	(181,063)				
Culture and recreation	120,870	-	-	55,481	(65,389)	-	(65,389)				
Housing and development	513,311	-	-	-	(513,311)	-	-				
Total governmental activities	3,826,567	194,746	281,325	879,362	(2,471,134)	-	(1,867,348)				
Business-Type Activities											
Water & Sewer	1,757,757	1,316,891	-	298,181	-	(142,685)	(142,685)				
Gas System	4,317,932	5,153,701	20,000	-	-	855,769	855,769				
Revolving Loan	284,507	5,011	-	-	-	(279,496)	(279,496)				
Total business-type activities	6,360,196	6,475,603	20,000	298,181	-	433,588	433,588				
Total Primary Government	\$ 10,186,763	\$ 6,670,349	\$ 301,325	\$ 1,177,543	(2,471,134)	433,588	(1,433,760)				
Component Units:											
Better Hometown	\$ 83,315	\$ -	\$ 18,408	\$ -				\$ (64,907)	\$ -	289,859	-
Downtown Development Authority	77,725	-	-	367,584				(64,907)	-	289,859	-
Total Component Units	\$ 161,040	\$ -	\$ 18,408	\$ 367,584							
General Revenues											
Property tax					1,207,927		1,207,927				
Sales tax					763,450		763,450				
Franchise tax					341,260		341,260				
Insurance premium tax					179,525		179,525				
Other tax					236,307		236,307				
Investment earnings					5,296	98,201	103,497		19	704	
Miscellaneous					50,116	-	50,116		52,216	21,468	
Total General Revenues					2,783,881	98,201	2,882,082		52,235	22,172	
Transfers											
Total General Revenues and Transfers					888,202	(888,202)	-		5,000	(5,000)	
Total General Revenues and Transfers					3,672,083	(790,001)	2,882,082		57,235	17,172	
Change in Net Assets					1,200,949	(356,413)	844,536		(7,672)	307,031	
Net Assets - Beginning of year					3,948,546	12,633,444	16,581,990		23,623	1,079,425	
Net Assets - End of year					\$ 5,149,495	\$ 12,277,031	\$ 17,426,526		\$ 15,951	\$ 1,386,456	

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

CITY OF GREENSBORO, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2010

	General Fund	SPLOST 2009	Non-Major Governmental Funds	Total Governmental Funds
<u>ASSETS</u>				
Cash and cash equivalent	\$ 289,299	\$ 610,990	\$ 109,480	\$ 1,009,769
Certificates of deposit	30,476	-	75,992	106,468
Receivables, net of allowance				
Taxes	579,745	-	-	579,745
Accounts	22,716	-	3,996	26,712
Intergovernmental	80,003	123,863	-	203,866
Due from other funds	-	-	4,762	4,762
Prepays	41,018	-	-	41,018
Total Assets	\$ 1,043,257	\$ 734,853	\$ 194,230	\$ 1,972,340
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 65,303	\$ 49,762	\$ 9,131	\$ 124,196
Accrued expenses	24,319	-	-	24,319
Due to other funds	285,507	17,226	-	302,733
Deferred revenues	546,701	-	-	546,701
Total Liabilities	921,830	66,988	9,131	997,949
Fund Balances:				
Reserved				
Perpetual care	-	-	98,518	98,518
Prepays	41,018	-	-	41,018
Capital outlay	-	667,865	84,567	752,432
Program purposes	-	-	2,014	2,014
Unreserved, reported in General Fund	80,409	-	-	80,409
Total Fund Balances	121,427	667,865	185,099	974,391
Total Liabilities and Fund Balances	\$ 1,043,257	\$ 734,853	\$ 194,230	\$ 1,972,340

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

CITY OF GREENSBORO, GEORGIA

RECONCILIATION OF THE BALANCE SHEET
OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2010

Total Fund Balances per Balance Sheet of Governmental Funds \$ 974,391

Amounts reported for governmental activities in the Statement of Net Assets differ from amounts reported in the Balance Sheet of Governmental Funds due to the following:

Capital Assets

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

Cost of the assets	5,704,920
Accumulated depreciation	(2,045,768)

Revenues

Some of the government's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.

546,701

Long-term Liabilities

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities both current and long-term are reported in the Statement of Net Assets. Long-term liabilities at year-end consist of the following:

Compensated absences	<u>(30,749)</u>
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Total Net Assets of Governmental Activities \$ 5,149,495

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

CITY OF GREENSBORO, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

	General Fund	SPLOST 2009	Non-Major Governmental Funds	Total Governmental Funds
<u>Revenues:</u>				
Taxes				
Property tax	\$ 650,378	\$ -	\$ -	\$ 650,378
Sales tax	763,450	-	-	763,450
Other taxes	706,688	-	50,404	757,092
License and permits	3,384	-	-	3,384
Intergovernmental	391,949	761,624	6,426	1,159,999
Charges for Services	482	-	-	482
Fines & forfeitures	187,779	-	3,101	190,880
Interest earnings	3,681	10,870	2,281	16,832
Miscellaneous revenues	35,206	-	14,910	50,116
Total Revenues	<u>2,742,997</u>	<u>772,494</u>	<u>77,122</u>	<u>3,592,613</u>
<u>Expenditures:</u>				
Current:				
General government	531,882	-	20,162	552,044
Judicial	90,475	-	-	90,475
Public safety	1,599,810	-	1,513	1,601,323
Public works	638,195	-	130,788	768,983
Culture and recreation	90,496	-	19,755	110,251
Housing and development	513,289	-	-	513,289
Capital Outlay	-	627,064	6,426	633,490
Total Expenditures	<u>3,464,147</u>	<u>627,064</u>	<u>178,644</u>	<u>4,269,855</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(721,150)</u>	<u>145,430</u>	<u>(101,522)</u>	<u>(677,242)</u>
<u>Other Financing Sources (Uses):</u>				
Transfers from other funds	945,109	-	-	945,109
Transfers to other funds	(26,665)	-	(30,242)	(56,907)
Total other financing sources (uses)	<u>918,444</u>	<u>-</u>	<u>(30,242)</u>	<u>888,202</u>
Net change in fund balances	197,294	145,430	(131,764)	210,960
Fund Balance/(Deficit), beginning of year	<u>(75,867)</u>	<u>522,435</u>	<u>316,863</u>	<u>763,431</u>
Fund Balance, end of year	<u>\$ 121,427</u>	<u>\$ 667,865</u>	<u>\$ 185,099</u>	<u>\$ 974,391</u>

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

CITY OF GREENSBORO, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

Net change in fund balances - total governmental funds \$ 210,960

Amounts reported for governmental activities in the Statement of Activities differ from amounts reported in the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances due to the following:

Capital Assets

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense.

Total capital outlays	605,882
Total depreciation	(157,839)

Long-term Debt

Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. The adjustments for these items are as follows:

Compensated absences	(4,755)
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Revenues

Because some revenues will not be collected for several months after the government's year end, they are not considered available revenues and are deferred in the governmental funds.

Deferred revenues increased by this amount during the year.	<u>546,701</u>
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Change in Net Assets of Governmental Activities	<u><u>\$ 1,200,949</u></u>
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The notes to the financial statements are an integral part of the basic financial statements.

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CITY OF GREENSBORO, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes				
Property	\$ 585,100	\$ 590,300	\$ 650,378	\$ 60,078
Sales	690,000	690,000	763,450	73,450
Franchise	339,000	339,000	341,260	2,260
Insurance premium	175,000	175,000	179,525	4,525
Occupational	46,000	46,000	49,420	3,420
Alcoholic beverage	115,000	115,000	105,117	(9,883)
Other	46,600	46,600	31,366	(15,234)
Licenses and permits	-	-	3,384	3,384
Intergovernmental	339,000	409,150	391,949	(17,201)
Charges for services	-	-	482	482
Fines and forfeitures	148,000	150,189	187,779	37,590
Investment earnings	20,000	20,000	3,681	(16,319)
Miscellaneous	53,400	53,400	35,206	(18,194)
Total Revenues	2,557,100	2,634,639	2,742,997	108,358
<u>Expenditures:</u>				
Current:				
General government				
Governing Body	77,680	77,680	77,670	10
City Manager	83,200	83,200	79,603	3,597
Financial Administration	361,910	367,110	367,109	1
Administrative	15,100	15,100	7,500	7,600
Judicial	95,740	96,440	90,475	5,965
Public safety	1,773,510	1,773,510	1,599,810	173,700
Public works	598,700	648,700	638,195	10,505
Culture and recreation	93,940	97,079	90,496	6,583
Housing and development	548,470	566,970	513,289	53,681
Total Expenditures	3,648,250	3,725,789	3,464,147	261,642
Excess of Revenue Over (Under) Expenditure	(1,091,150)	(1,091,150)	(721,150)	370,000
<u>Other Financing Sources (Uses):</u>				
Transfer from other funds	1,091,150	1,091,150	945,109	(146,041)
Transfer to other funds	-	-	(26,665)	(26,665)
Total Other Financing Sources (Uses)	1,091,150	1,091,150	918,444	(172,706)
Net change in fund balance	\$ -	\$ -	197,294	\$ 197,294
Fund balance/(Deficit), beginning of year			(75,867)	
Fund balance/(Deficit), end of year			\$ 121,427	

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

CITY OF GREENSBORO, GEORGIA

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 SEPTEMBER 30, 2010

	Business-type Activities- Enterprise Funds			Total
	Water & Sewer Fund	Gas System	Non-Major Revolving Loan Fund	
<u>ASSETS</u>				
Current assets:				
Cash and cash equivalents	\$ 382	\$ 437	\$ -	\$ 819
Certificates of deposit	8,312	817,119	-	825,431
Restricted cash	160,109	-	-	160,109
Restricted investments	527,395	-	-	527,395
Accounts receivable (net of allowance for uncollectible)	219,945	351,815	-	571,760
Due from other funds	37,557	260,414	-	297,971
Inventory	15,338	-	-	15,338
Prepaid expenses	21,150	9,355	-	30,505
Total current assets	990,188	1,439,140	-	2,429,328
Long-term assets:				
Investment-joint venture	-	999,620	-	999,620
Bond issuance costs	82,638	-	-	82,638
Capital assets:				
Nondepreciable	476,395	326	-	476,721
Depreciable, net	11,352,699	1,003,026	-	12,355,725
Total capital assets, net	11,829,094	1,003,352	-	12,832,446
Total long-term assets	11,911,732	2,002,972	-	13,914,704
Total Assets	12,901,920	3,442,112	-	16,344,032

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

CITY OF GREENSBORO, GEORGIA

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 SEPTEMBER 30, 2010
 (CONTINUED)

	Business-type Activities-			Total
	Enterprise Funds			
	Water & Sewer Fund	Gas System	Non-Major Revolving Loan Fund	
LIABILITIES				
Current liabilities:				
Accounts payable	21,300	260,415	-	281,715
Accrued expenses	2,056	524	-	2,580
Customer deposits	17,489	12,126	-	29,615
Compensated absences	8,666	95	-	8,761
Total current liabilities	49,511	273,160	-	322,671
Current liabilities payable from restricted assets:				
Notes payable - current	48,579	-	-	48,579
Revenue bonds payable - current	243,491	-	-	243,491
Total current liabilities payable from restricted	292,070	-	-	292,070
Total current liabilities	341,581	273,160	-	614,741
Long-term liabilities:				
Notes payable	1,162,286	-	-	1,162,286
Revenue bonds payable	2,289,974	-	-	2,289,974
Total long-term liabilities	3,452,260	-	-	3,452,260
Total Liabilities	3,793,841	273,160	-	4,067,001
NET ASSETS				
Invested in capital assets, net of related debt	8,084,764	1,003,352	-	9,088,116
Restricted for debt service	684,980	-	-	684,980
Unrestricted	338,335	2,165,600	-	2,503,935
Total Net Assets	\$ 9,108,079	\$ 3,168,952	\$ -	\$ 12,277,031

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

CITY OF GREENSBORO, GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
 PROPRIETARY FUNDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

	Business-type Activities- Enterprise Funds			Total
	Water & Sewer Fund	Gas System	Non-Major	
			Revolving Loan Fund	
<u>Operating revenues:</u>				
Charges and fees	\$ 1,316,891	\$ 5,153,701	\$ -	\$ 6,470,592
Interest from loans	-	-	5,011	5,011
Total operating revenues	1,316,891	5,153,701	5,011	6,475,603
<u>Operating expenses:</u>				
Salaries and benefits	564,918	152,385	-	717,303
Contract management	17,877	880	-	18,757
Cost of sales	-	3,618,972	-	3,618,972
Legal and professional	60,477	7,354	-	67,831
Operating materials	152,625	27,814	-	180,439
Other operating expenses	70,732	352,051	284,507	707,290
Repairs and maintenance	88,254	95,782	-	184,036
Small equipment	4,500	11,074	-	15,574
Utilities	220,932	9,208	-	230,140
Depreciation and amortization	419,815	42,412	-	462,227
Total operating expenses	1,600,130	4,317,932	284,507	6,202,569
Operating income (loss)	(283,239)	835,769	(279,496)	273,034
<u>Nonoperating revenues (expenses):</u>				
Intergovernmental	92,184	-	-	92,184
Interest income	2,425	95,726	50	98,201
Investment income-joint venture	-	20,000	-	20,000
Interest expense	(157,627)	-	-	(157,627)
Total nonoperating revenues (expenses)	(63,018)	115,726	50	52,758
Income (loss) before transfers	(346,257)	951,495	(279,446)	325,792

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

CITY OF GREENSBORO, GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
 PROPRIETARY FUNDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010
 (CONTINUED)

	Business-type Activities- Enterprise Funds			Total
	Water & Sewer Fund	Gas System	Non-Major	
			Revolving Loan Fund	
Capital contributions	205,997	-	-	205,997
Transfers in	38,972	-	-	38,972
Transfers out	-	(926,407)	(767)	(927,174)
Change in net assets	(101,288)	25,088	(280,213)	(356,413)
Net Assets - Beginning of Year	9,209,367	3,143,864	280,213	12,633,444
Net Assets - End of Year	\$ 9,108,079	\$ 3,168,952	\$ -	\$ 12,277,031

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

CITY OF GREENSBORO, GEORGIA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

	Business-type Activities- Enterprise Funds			Total
	Water & Sewer Fund	Gas System	Non-Major Revolving Loan Fund	
<u>Cash Flows from Operating Activities:</u>				
Cash received from customers	\$ 1,880,232	\$ 5,018,050	\$ 135,728	\$ 7,034,010
Cash paid to suppliers for goods and services	(893,351)	(4,059,762)	(148,209)	(5,101,322)
Cash paid to employees	(562,641)	(152,245)	-	(714,886)
Net Cash Flows Provided by (Used for) Operating Activities	424,240	806,043	(12,481)	1,217,802
<u>Cash Flows from Noncapital Financing Activities:</u>				
Transfers	38,972	(926,407)	(767)	(888,202)
Net Cash Flows Provided by (Used for) Noncapital Financing Activities	38,972	(926,407)	(767)	(888,202)
<u>Cash Flows from Capital and Related Financing Activities:</u>				
Capital contributions	205,997	-	-	205,997
Principal payments on revenue bonds and notes	(310,932)	-	-	(310,932)
Interest and fiscal charges on revenue bonds and notes	(157,627)	-	-	(157,627)
Proceeds from intergovernmental agreements	92,184	-	-	92,184
Purchases of capital assets	(291,755)	-	-	(291,755)
Net Cash Flows Provided by (Used for) Capital and Related Financing Activities	(462,133)	-	-	(462,133)
<u>Cash Flows from Investing Activities:</u>				
Interest income	-	100,364	50	100,414
Contribution from joint venture	-	20,000	-	20,000
Net Cash Flows Provided by (Used for) Investing Activities	-	120,364	50	120,414
Net Increase (Decrease) in Cash and Cash Equivalents	1,079	-	(13,198)	(12,119)
Cash and Cash Equivalents, Beginning of Year	159,412	437	13,198	173,047
Cash and Cash Equivalents, End of Year	\$ 160,491	\$ 437	\$ -	\$ 160,928

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

CITY OF GREENSBORO, GEORGIA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010
 (CONTINUED)

	Business-type Activities- Enterprise Funds			Total
	Water & Sewer Fund	Gas System	Non-Major Revolving Loan Fund	
Classified as:				
Current assets	\$ 382	\$ 437	\$ -	\$ 819
Restricted assets	160,109	-	-	160,109
Total Cash and Cash Equivalents, End of Year	\$ 160,491	\$ 437	\$ -	\$ 160,928
Reconciliation of Net Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities				
Net Operating Income (Loss)	\$ (283,239)	\$ 835,769	\$ (279,496)	\$ 273,034
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Depreciation and amortization	419,815	42,412	-	462,227
Changes in Assets and Liabilities:				
(Increase) decrease in accounts receivable	(14,497)	(58,149)	-	(72,646)
(Increase) decrease in due from other governments	407,816	-	-	407,816
(Increase) decrease in due from other funds	171,097	(76,977)	130,000	224,120
(Increase) decrease in due from component unit	-	-	717	717
(Increase) decrease in prepaid expenses	3,510	4,954	-	8,464
(Increase) decrease in loans receivable	-	-	136,298	136,298
Increase (decrease) in accounts payable	(151,464)	58,419	-	(93,045)
Increase (decrease) in accrued liabilities	2,277	140	-	2,417
Increase (decrease) in customer deposits	(1,075)	(525)	-	(1,600)
Increase (decrease) in due to other funds	(130,000)	-	-	(130,000)
Total Adjustments	707,479	(29,726)	267,015	944,768
Net Cash Provided by (Used for) Operating Activities	\$ 424,240	\$ 806,043	\$ (12,481)	\$ 1,217,802

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

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NOTES TO THE FINANCIAL STATEMENTS

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Policies

The City of Greensboro was incorporated under the laws of the State of Georgia and operates under a Mayor-Council form of government. The City provides the following services as authorized by its charter: public safety (police and fire), highways and streets, social services, culture-recreation, public improvements, planning and zoning, general and administrative services, and gas and water utilities.

The financial statements of the City of Greensboro, Georgia (the City) have been prepared in conformity with generally accepted accounting principles (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.

A. Reporting Entity

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the City of Greensboro (the primary government) and any component units. A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable. In addition, a component unit can be another organization for which the nature and significance of its relationship with a primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Discretely presented component units – Based on the aforementioned criteria, the component units' columns in the government-wide financial statements include the financial data of the City's two component units. These units are reported in a separate column to emphasize that is legally separate from the City.

Greensboro Better Hometown Program – The Greensboro Hometown Program is governed by a seven member Board of Directors. The Board consists of one representative of each of the following: Citizens Union Bank, Premier Bank, Farmers Bank, City of Greensboro, Greene County Commissioners, Development Authority of the City of Greensboro, and the Greene County Chamber of Commerce. All of the Board members are named and confirmed by the Greene County Chamber of Commerce Executive Board and the Greensboro City Council. Specific information relative to Better Hometown can be obtained from the Greensboro Better Hometown Program, P.O. Box 741, Greensboro, Georgia 30642. Greensboro Better Hometown Program does not issue separate financial statements.

Downtown Development Authority of Greensboro, Georgia – The Downtown Development Authority is governed by a seven member Board of Directors. The directors are appointed as provided by O.C.G.A. Section 36-41-1. All Directors must be approved by the City of Greensboro City Council. Specific information relative to the Authority can be obtained from the Downtown Development Authority, P.O. Box 741, Greensboro, Georgia 30642. Downtown Development Authority does not issue separate financial statements.

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(CONTINUED)

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (Statement of Net Assets and Statement of Change in Net Assets) report information on all of the nonfiduciary activities of the primary government and its component units if any. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 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 properly included among 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.

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

Government-Wide Financial Statements

The government-wide financial statements are reported using the flow of 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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's public utilities and

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(CONTINUED)

various other functions of the government. Elimination of these charges would distort the direct cost and program revenues reported for the various functions concerned.

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.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as they are needed.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting.

Under 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 generally are recorded when a liability is incurred, as under accrual accounting. However, debt services expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, local option sales taxes, other taxes, intergovernmental revenues, interest, and charges for services associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenues are considered to be measurable and available only when cash is received by the government.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the City's enterprise fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The fund financial statements provide more detailed information about the government's most significant funds, not the government as a whole. The activities of the government are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(CONTINUED)

accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The government reports the following major governmental funds:

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

SPLOST 2009 Fund – The SPLOST 2009 Fund is used to account for the SPLOST monies received from Greene County to be used to finance SPLOST approved projects.

The government reports the following major proprietary funds:

Enterprise Funds – The Water & Sewer Fund accounts for the activities of the water and sewer distribution system. The Gas System Fund accounts for the activities of the government’s gas distribution operations.

Additionally, the government reports the following fund types:

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

Capital Projects Funds – Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds.

D. Deposits and Investments

The government’s cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Investments are reported at fair value, which is determined using selected bases. Short-term investments are reported at cost, which approximates fair value. Securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates, and investments that do not have an established market are reported at estimated fair value. Cash deposits are reported at carrying amount, which reasonably estimates fair value.

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(CONTINUED)

E. Receivables

Receivables and Due from Other Governments represent funds to be received from other local governments, state grant-in-aid, state contracts, or federal funds. No allowance is deemed necessary for these receivables.

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

All trade and property tax receivables, have been reduced to their estimated net realizable value, and are shown net of an allowance for doubtful accounts. Estimated uncollectible amounts are based upon historical experience rates.

F. Inventories

Inventories of expendable supplies held for consumption are not considered material and are recorded as expenditures, or expenses, as appropriate, when purchased.

G. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods, and are recorded as prepaid items in both government-wide and fund financial statements.

H. Capital Assets

Capital assets, which include property, plant equipment and infrastructure assets (e.g. roads, bridges, sidewalks and similar items acquired subsequent to October 1, 2003) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Property, plant and equipment, except for infrastructure, with individual costs that equal or exceed \$5,000 are recorded as capital assets. Infrastructure with an individual cost that is equal to or exceeds \$100,000 is recorded as a capital asset. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred by the City during the current year was \$157,627. Of this amount, none was applicable to construction of capital assets.

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(CONTINUED)

Property, plant and equipment of the primary government, as well as component units, are depreciated using the straight line method over the following estimated useful lives:

Building and improvements	20-50 years
Water and sewer distribution system	20-50 years
Equipment	10 years
Infrastructure	15-99 years
Furniture and fixtures	10 years
Vehicles	5 years
Computer equipment	5 years
Heavy machinery	5 years

I. Compensated Absences

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

J. 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 assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance cost, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

K. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(CONTINUED)

L. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; and errors or omissions. The City purchases commercial insurance for most types of risk. For these risks, settlements have not exceeded coverage's for each of the past three years. The City had no significant reduction in insurance coverage from coverage in the prior year.

M. Restricted and Unrestricted Net Assets

Certain proceeds of the government's enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants.

The government's policy, when both restricted and unrestricted net assets are available, unrestricted resources are first applied; then restricted net assets are applied based on their limited use.

NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING

A. Budget Process

The annual budget document is the financial plan for the operation of the City of Greensboro. The budget process exists for the purpose of providing a professional management approach to the establishment of priorities and the implementation of work programs while providing an orderly means for control and evaluation of the financial posture of the City.

An annual operating budget is prepared for the General Fund, the Special Revenue Funds and the SPLOST Capital Project Funds. A project length budget is adopted for all other Capital Projects Funds. Annual operating budgets are prepared for each enterprise fund for planning, control, cost allocation and evaluation purposes.

The City follows these procedures in establishing the budgetary data reflected in the financial statements.

- Prior to October 1, the City Manager submits to the Mayor and Council a proposed budget for the fiscal year commencing the following October 1. The budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted at City Hall to obtain taxpayer comments.
- The budget is legally enacted through passage of an ordinance.
- Any revisions must be approved by the City Council.

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(CONTINUED)

Formal budgetary integration is employed as a management control device during the year. The budgets for the General Fund and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). The General Fund is subject to budgetary control on a departmental basis, while the Special Revenue funds are subject to budgetary control on an individual fund basis.

B. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to serve that portion of the applicable appropriation, is not employed by the City. Budget to Generally Accepted Accounting Principal Basis reconciliations are not required.

NOTE 3 – DEPOSITS AND INVESTMENTS

A. Custodial Credit Risk – Deposits

The custodial credit risk of deposits is the risk that in the event of the failure of a bank, the City's deposits may not be recovered. The City's bank balances of deposits as of September 30, 2010 are entirely insured or collateralized with securities held by the City's agent in the City's name. State statutes require banks holding public funds to secure these funds by FDIC insurance, securities pledged at par value, and surety bonds at face value in combined aggregate totaling not less than 110 percent of the public funds held.

B. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The City does not have a formal policy for managing interest rate risk.

C. Credit Risk

Georgia law authorizes the City to invest in the following types of obligations: obligations of the State of Georgia or any 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; prime banker's acceptance; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia.

The City does not have an investment policy that would further limit its investment choices.

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(CONTINUED)

D. Concentration of Credit Risk

The City places no limit on the amount the City may invest in any one issuer. GASB Statement 40 requires disclosure when the percentage is 5% or more in any one issuer. The City had no investments that met this requirement as of September 30, 2010.

NOTE 4 – PROPERTY TAXES

State law requires that property taxes be based on assessed value, which is 40% of market value. All real and personal property (including motor vehicles) is valued as of January 1 of each year and must be returned for tax purposes by March 1. With the exception of motor vehicles and the property of public utilities, which are valued by the State Revenue Department, all assessments are made by the Greene County Board of Tax Assessors.

Exemptions are permitted for certain inventories. A homestead exemption is allowed for each taxpayer that is a homeowner and resides in the household as of January 1. There are other exemptions provided by state and local laws.

Upon completion of all assessments and tax returns, the information is compiled to form the tax digest. The completed tax digest must be submitted to the State Revenue Commissioner for approval. The State Revenue Commissioner must ascertain that real property on the tax digest has been assessed at the state mandated forty percent (40%) of fair market value. The Commissioner has the option to withhold certain state funding if the mandated 40% level is not reached.

The Greene County Tax Commissioner distributes motor vehicle tax notices and collects those tax payments. Motor vehicle taxes are due based on the birthday of the owner. Property taxes are sent out and collected by the City and are usually billed in October of each year.

The property tax calendar is as follows:

	Real/Personal Property (<u>Excluding Vehicles</u>)	Motor <u>Vehicles</u>
Assessment Date	January 1	January 1
Levy Date	September 30	January 1
Due Date and Collection Date	November 30	Staggered

Property taxes receivable have been reduced to their estimated net realizable value. Estimated uncollectible amounts are based upon historical experience rates and result in a direct reduction of the related revenue amount at the end of the period.

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2010
 (CONTINUED)

NOTE 5 – HOTEL/MOTEL EXCISE TAX

A summary of the hotel/motel excise tax expenditures and receipts for the year ended September 30, 2010, is as follows:

<u>Expenditures By Purpose</u>	<u>Amount</u>	<u>Tax Receipts</u>	<u>Percentage</u>
Promote tourism	\$ 20,162	\$ 50,404	40%
General Fund	<u>30,242</u>	<u>-</u>	<u>60%</u>
Total	<u>\$ 50,404</u>	<u>\$ 50,404</u>	<u>100%</u>

NOTE 6 – RECEIVABLES

Receivables as of year-end for the government's individual major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>SPLOST 2009</u>	<u>Water & Sewer</u>	<u>Gas System</u>	<u>Non-major Governmental</u>	<u>Total</u>
Receivables:						
Taxes	\$ 622,714	\$ -	\$ -	\$ -	\$ -	\$ 622,714
Accounts	22,716	-	531,561	435,668	3,996	993,941
Intergovernmental	80,003	123,863	-	-	-	203,866
Gross Receivables	<u>725,433</u>	<u>123,863</u>	<u>531,561</u>	<u>435,668</u>	<u>3,996</u>	<u>1,820,521</u>
Less: allowance for uncollectibles	<u>(42,969)</u>	<u>-</u>	<u>(311,616)</u>	<u>(83,853)</u>	<u>-</u>	<u>(438,438)</u>
Total net receivables	<u>\$ 682,464</u>	<u>\$ 123,863</u>	<u>\$ 219,945</u>	<u>\$ 351,815</u>	<u>\$ 3,996</u>	<u>\$ 1,382,083</u>

NOTE 7 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of September 30, 2010, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Water & Sewer Fund	General Fund	\$ 20,331
Gas System Fund	General Fund	260,414
Water & Sewer Fund	SPLOST 2009 Fund	17,226
Nonmajor Governmental Fund	General Fund	<u>4,762</u>
Total		<u>\$ 302,733</u>

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2010
 (CONTINUED)

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund transfers:

	Transfer In:		
	General Fund	Water & Sewer	Total
Transfer Out:			
Gas System Fund	\$ 914,100	\$ 12,307	\$ 926,407
General Fund	-	26,665	26,665
Nonmajor Proprietary Fund	767	-	767
Nonmajor Governmental Funds	30,242	-	30,242
Total	\$ 945,109	\$ 38,972	\$ 984,081

Transfers are used to move unrestricted revenue to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching fund for various grant programs.

NOTE 8 – CAPITAL ASSETS

	Beginning Balance	Increase	Decrease	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 1,085,514	\$ -	\$ -	\$ -	\$ 1,085,514
Construction in progress	293,116	81,250	-	(312,677)	61,689
Total capital assets, not being depreciated	1,378,630	81,250	-	(312,677)	1,147,203
Capital assets, being depreciated					
Buildings	1,236,169	-	-	-	1,236,169
Machinery & equipment	862,059	53,626	-	-	915,685
Furniture & fixtures	12,165	-	-	-	12,165
Vehicles	1,004,758	-	-	-	1,004,758
Infrastructure	605,257	471,006	-	312,677	1,388,940
Total capital assets, being depreciated	3,720,408	524,632	-	312,677	4,557,717
Less accumulated depreciation for:					
Buildings	(203,273)	(25,357)	-	-	(228,630)
Machinery & equipment	(702,981)	(48,812)	-	-	(751,793)
Furniture & fixtures	(5,525)	(894)	-	-	(6,419)
Vehicles	(892,869)	(28,749)	-	-	(921,618)
Infrastructure	(83,281)	(54,027)	-	-	(137,308)
Total accumulated depreciation	(1,887,929)	(157,839)	-	-	(2,045,768)
Total capital assets, being depreciated, net	1,832,479	366,793	-	312,677	2,511,949
Governmental activities capital assets, net	\$ 3,211,109	\$ 448,043	\$ -	\$ -	\$ 3,659,152

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2010
 (CONTINUED)

	Beginning Balance	Increase	Decrease	Transfers	Ending Balance
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 394,874	\$ -	\$ -	\$ -	\$ 394,874
Construction in progress	976,785	197,820	-	(1,092,758)	81,847
Total capital assets, not being depreciated	1,371,659	197,820	-	(1,092,758)	476,721
Capital assets, being depreciated:					
Buildings and improvements	11,465,448	-	-	1,092,758	12,558,206
Infrastructure	4,883,688	-	-	-	4,883,688
Equipment	1,391,852	93,936	-	-	1,485,788
Vehicles	154,851	-	-	-	154,851
Total capital assets being depreciated	17,895,839	93,936	-	1,092,758	19,082,533
Less accumulated depreciation for:					
Buildings and improvements	(2,382,244)	(239,325)	-	-	(2,621,569)
Infrastructure	(3,199,699)	(97,675)	-	-	(3,297,374)
Equipment	(553,478)	(99,536)	-	-	(653,014)
Vehicles	(154,851)	-	-	-	(154,851)
Total accumulated depreciation	(6,290,272)	(436,536)	-	-	(6,726,808)
Total capital assets, being depreciated, net	11,605,567	(342,600)	-	1,092,758	12,355,725
Business-type activities capital assets, net	\$ 12,977,226	\$ (144,780)	\$ -	\$ -	\$ 12,832,446

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

Governmental activities:	
General government	\$ 6,290
Public safety	93,504
Public works	47,569
Culture and recreation	9,554
Housing and development	922
Total depreciation expense - governmental activities	\$ 157,839
Business-type activities:	
Water and sewer	\$ 394,124
Gas system	42,412
Total depreciation expense - business-type activities	\$ 436,536

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2010
 (CONTINUED)

	Restated Beginning Balance	Increase	Transfer	Ending Balance
Component Unit Activities:				
Capital assets not being depreciated:				
Land	\$ 50,000	\$ -	\$ -	\$ 50,000
Construction in progress	276,777	1,223,270	(1,500,047)	-
Total capital asset not being depreciated	326,777	1,223,270	(1,500,047)	50,000
Capital assets being depreciated:				
Building	650,000	-	-	650,000
Building Improvements	-	-	1,500,047	1,500,047
Total capital assets being depreciated	650,000	-	1,500,047	2,150,047
Less accumulated depreciation for:				
Building	(44,417)	(13,000)	-	(57,417)
Building Improvements	-	(30,001)	-	(30,001)
Total accumulated depreciation	(44,417)	(43,001)	-	(87,418)
Total capital assets being depreciated, net	605,583	(43,001)	1,500,047	2,062,629
Component Unit capital assets, net	\$ 932,360	\$ 1,180,269	\$ -	\$ 2,112,629

NOTE 9 – LONG-TERM DEBT

Changes in long-term liabilities

Long-term liability activity for the year ended September 30, 2010, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences	\$ 25,994	\$ 41,829	\$ (37,074)	\$ 30,749	\$ 30,749
Governmental activity long-term liabilities	\$ 25,994	\$ 41,829	\$ (37,074)	\$ 30,749	\$ 30,749
Business-type activities:					
Compensated absences	\$ 8,924	\$ 14,807	\$ (14,970)	\$ 8,761	\$ 8,761
Notes payable	1,257,487	-	(46,622)	1,210,865	48,579
Revenue bonds payable	2,946,361	-	(264,309)	2,682,052	260,000
Deferred amounts:					
Less: Early retirement	(165,096)	-	16,509	(148,587)	(16,509)
Business-type activity long-term liabilities	\$ 4,047,676	\$ 14,807	\$ (309,392)	\$ 3,753,091	\$ 300,831
Component Unit:					
Notes payable	\$ -	\$ 1,000,310	\$ (121,611)	\$ 878,699	\$ -
Component Unit long-term liabilities	\$ -	\$ 1,000,310	\$ (121,611)	\$ 878,699	\$ -

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(CONTINUED)

For the governmental activities, compensated absences are generally liquidated by the general fund.

Defeased Debt

In prior years, the City defeased certain revenue bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds until the bonds are called on October 1, 1998. Accordingly, trust account assets and the liability for the defeased bonds are not included in the City's financial statements. On September 30, 2010, \$565,000 of bonds outstanding is considered defeased.

Revenue Bonds

Combined Utility Revenue Bonds, Series 1989 – The City issued Series 1989 Revenue Bonds in the amount of \$1,840,000. The purpose of these bonds was to retire two series of revenue bonds owned by FmHA, retire EDA 1972A Bonds, pay issuance costs related to the new issue and to finance certain additions to the water and sewer system. These bonds were in-substance defeased upon the issuance of the 1994 Series Revenue Bonds.

Combined Utility Revenue Bonds, Series 1994 – The City issued bonds in the original amount of \$4,745,000 bearing interest at rates varying from 3.4% to 6.15% payable each October 1 through 2019 with principal payments of amounts ranging from \$55,000 to \$345,000. The purpose of the Series 1994 bonds was to provide funds to advance refund the Series 1989 bonds, to pay the cost of constructing and equipping certain improvements to the City's System and fund the required debt service reserve for the Series 1994 bonds. On December 15, 2004, the City issued \$4,115,000 of revenue bonds for a current refunding of 1994 Series bonds. The liability associated with the 1994 series bonds has been removed from the City's books.

Combined Utility Revenue Refunding and Improvement Bonds, Series 2004 – The City issued bonds in the original amount of \$4,115,000 bearing interest at a rate of 3.76%. Interest on the Series 2004 Bonds is payable on April 1 and October 1 of each year. Principal payments are due each October 1 through 2019 with principal payments of amounts ranging from \$215,000 to \$350,000. The purpose of the Series 2004 bonds was to (i) provide funds to refund the Series 1994 bonds, (ii) to finance the cost of additions, extensions and improvements to the water and sewerage portions of the System, (iii) to fund in part a reasonably required debt service reserve and (iv) to pay the costs of issuance. These bonds are secured by a first lien pledge of the net revenues of the System (combined water, sewerage and gas system) remaining after payment of the reasonable and necessary expenses of operating, maintaining and repairing the System. The City further agreed to create and maintain a Renewal & Extension Fund in the amount of \$150,000.

The City has covenanted that it will prescribe and revise rates, and collect fees and charges for services, facilities and commodities furnished by the System at all times at a level sufficient to (i) pay the reasonable and necessary costs of operating, maintaining and repairing the System on a sound businesslike basis, (ii) to maintain the Sinking Fund at the required level in order to discharge the payment of the principal of and interest on the Series 2004 Bonds and all outstanding parity bonds maturing in the current sinking fund year, (iii) to maintain a reserve in

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2010
 (CONTINUED)

the Sinking Fund (the "Reserve Account") approximately equal to the highest combined debt service requirements of the Series 2004 Bonds in any succeeding sinking fund year (\$364,820), and (iv) to create and maintain the Renewal and Extension Fund (\$150,000). The City has further agreed that these rates, fees, and charges shall be maintained at such level as to produce net revenues equal to at least 1.2 times the maximum annual debt service requirements of the Series 2004 Bonds and all outstanding parity bonds and to make payments into the Reserve Account. The City has fully funded the Reserve Account and the Renewal and Extension Fund simultaneously with the issuance of the Series 2004 Bonds. The City produced net revenues equal to 3.27 times the maximum annual debt service requirements during the fiscal year ended September 30, 2010.

Sinking Fund Year	Principal	Interest
2011	\$ 260,000	\$ 102,460
2012	270,000	92,684
2013	280,000	82,532
2014	290,000	72,004
2015	300,000	61,100
2016-2010	1,282,052	126,712
Total	<u>\$ 2,682,052</u>	<u>\$ 537,492</u>

Notes Payable

Project 2004-L15-WJ – The Water & Sewer Fund is obligated under a 20-year term note to the Georgia Environmental Facilities Authority. As of September 30, 2007, drawdowns from the loan totaled \$1,327,616. The total amount of the loan is \$1,327,616. The payments on this loan are to be made monthly in the amount of \$8,129 at an interest rate of 4.12%. The payments began in March 2008 and will continue until final payment in February 2028. The purpose of the note is to finance improvements to the Water & Sewer System.

Annual debt service requirements to maturity for this note payable are as follows:

Years Ending December 31	Principal	Interest
2011	\$ 48,579	\$ 48,972
2012	50,574	46,978
2013	52,785	44,766
2014	54,959	42,593
2015	57,266	40,285
2016-2020	324,450	163,307
2021-2025	398,584	89,173
2026-2028	223,668	11,674
Total	<u>\$ 1,210,865</u>	<u>\$ 487,748</u>

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(CONTINUED)

Capital Leases

The City of Greensboro, Georgia's Gas System Fund is a conduit for a lease for Tri-County Natural Gas System, a joint venture of the City of Union Point and the City of Greensboro. Therefore, none of the assets of the business-type activities of the City of Greensboro are included in assets under capital lease arrangements. The Gas System Fund is obligated to pay the \$324,000 lease, but the City of Union Point and the City of Greensboro entered into an intergovernmental agreement that provides that Tri-County Natural Gas System will be primarily responsible for the repayment of any and all amounts accruing under the lease, and shall make payments either directly or in the form of a reimbursement to the City of Greensboro. In the event that Tri-County proceeds are insufficient to pay amounts due under the lease, then the City of Union Point and the City of Greensboro shall evenly split any shortfall.

Component Unit Notes Payable

During fiscal year 2010, the Downtown Development Authority obtained a notes payable to finance the construction and rehabilitation of Festival Hall. The total amount of drawdowns by the Downtown Development Authority during fiscal year 2010 was \$1,000,310. The note bears interest at 3.875%. The balance of the note at September 30, 2010 was \$878,699.

NOTE 10 – EMPLOYEE RETIREMENT PLANS

Georgia Municipal Employees Benefit System

Plan Description

The City contributes to the Georgia Municipal Employees Benefit System (the system), an agent multiple-employer public employee retirement system administered by the Georgia Municipal Association. The City of Greensboro Retirement Plan is a defined benefit plan that provides retirement and disability benefits and death benefits to plan members and beneficiaries. The Public Retirement Systems Standard Law (Georgia Code Section 47-20-10) assigned the authority to establish and amend the plan to the City of Greensboro. The Georgia Municipal Employees Benefit System issues a publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the Georgia Municipal Employees Benefit System, 201 Pryor Street, S.W., Atlanta, Georgia 30303.

Funding Policy

The City's employee's participation is non-contributory. The City is required to contribute at an actuarially determined rate; the current rate is 6.94% of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by the system's Board of Trustees.

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2010
 (CONTINUED)

Annual Pension Cost

The City's annual pension cost of \$99,354 was equal to the City's required contributions. The required contribution was determined as part of the January 1, 2010 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return and (b) projected salary increases of 3% for inflation and 0.5% for merit or seniority. The actuarial value of the Plan's assets was determined using a roll forward of prior years actuarial value with contributions, disbursements and expected return on investments, plus 10% of investment gain (loss) during 10 prior years. The plan's period for amortizing the initial unfunded actuarial accrued liability for 30 years for 1982 and current changes in the unfunded actuarial accrued liability over 15 years for actuarial gains and losses, 20 years for plan provisions and 30 years for actuarial assumptions and cost methods as a level dollar amount. The amortization periods, if applicable, are closed for this plan year.

Plan Membership

Retirees and beneficiaries receiving benefits	17
Terminated plan members entitled to, but not Receiving benefits	18
Active plan members	<u>50</u>
Total	<u>85</u>

Trend Information

Historical trend information designed to provide information about the City's progress made in accumulating sufficient assets to pay pension benefits when due is presented below:

Fiscal Year	Annual Pension Cost	Percentage Contributed
2010	\$ 99,354	110%
2009	145,571	54%
2008	81,982	91%
2007	75,370	100%
2006	72,307	100%

Funded Status and Funding Progress

The funded status of the plan as of January 1, 2010, the most recent actuarial valuation date, is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/10	\$2,180,278	\$2,088,965	(\$91,313)	104.37%	\$1,395,152	0.00%

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2010
 (CONTINUED)

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of September 30, 2010.

NOTE 11 – POST-EMPLOYMENT BENEFITS

The City does not provide post-employment healthcare benefits except those mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA). The requirements established by COBRA are fully funded by employees who elect coverage under the Act, and no direct costs are incurred by the City.

NOTE 12 – INVESTMENTS IN CAPITAL ASSETS, NET OF RELATED DEBT

Investments in Capital Assets, net of related debt on the Government-wide statement of net assets as of September 30, 2010 are as follows:

	Governmental Activities	Business Type Activities
Investment in capital assets, net of related debt:		
Cost of capital assets	\$ 5,704,920	\$ 19,559,254
Less accumulated depreciation	(2,045,768)	(6,726,808)
Book value	3,659,152	12,832,446
Less capital related debt	-	(3,744,330)
Investments in capital assets, net of related debt	<u>\$ 3,659,152</u>	<u>\$ 9,088,116</u>

NOTE 13 – RISK MANAGEMENT

The City is exposed to various risks of losses related to torts, thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries commercial insurance for these various risks with a deductible as follows: contractor's equipment protection - \$500, public official liabilities - \$5,000, police professional liability - \$5,000, all other risks have a deductible of \$1,000.

The City participates in the Georgia Municipal Association Worker's Compensation Self Insurance Fund. The City has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency (GIRMA) for Workers' Compensation Self Insurance Fund (WCSIF), a public entity risk pool currently operating as a common risk management and insurance program for member local governments. The Georgia Municipal Association operates the risk pool.

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(CONTINUED)

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

The fund is to defend and protect the members of the funds against liability or loss as prescribed in the member governments' contracts and in accordance with the workers' compensation laws of Georgia. The fund is 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 in the past three years have not exceeded coverage.

NOTE 14 – CONTINGENT LIABILITIES

A. Litigation

During the course of normal operations of the City, various claims and lawsuits arise. The City attorney has advised that there are no potential liabilities that will impair the position as of the date of this audit report.

B. Grants

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

NOTE 15 – JOINT VENTURES

A joint venture has the following characteristics:

1. It is a legal entity that results from a contractual arrangement.
2. It is owned, operated or governed by two or more participants as a separate and specific activity subject to joint control.
3. Participants retain an ongoing financial interest or an ongoing financial responsibility.

Northeast Georgia Regional Commission

Under Georgia law, the City, in conjunction with other cities and counties in the 12 county Northeast Georgia area is a member of the Northeast Georgia Regional Commission (the "RC") and is required to pay annual dues thereto. Membership in an RC is required by the Official

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(CONTINUED)

Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RC in Georgia. The RC Council membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC. Separate financial statements may be obtained from the RC's administrative office at 305 Research Drive, Athens, Georgia 30610.

Greene County Development Authority

The Greene County Development Authority (the Authority) was established to develop, promote and expand for the public good and the general welfare, industry, agriculture, commerce, natural resources and vocational training and to make long range plans for the coordination of such development, promotion and expansion, within the territorial limits of Greene County, Georgia.

On April 6, 2004, the Authority and the City of Greensboro, Georgia entered into an intergovernmental agreement with Greene County, Georgia, the City of Union Point, Georgia, the City of White Plains, Georgia, the City of Siloam, Georgia, and the City of Woodville, Georgia. The agreement provides funding for the position of "Director of Economic Development" (Director). The Director will be employed by the Authority. Greene County shall provide administrative services related to payroll and employee benefits. Each joint venture member shall contribute a share of the director's expenses. The position shall have a budget which must be approved by all venture members and cannot exceed \$100,000 per year. Member contributions shall be based on their relative participation in Greene County LOST funding. The agreement is for one year and renews automatically from year to year. Members can terminate their obligations on the anniversary date upon written notice at least ninety (90) days prior to the effective date. The City's share of the Director's expense was \$11,600.

Complete financial statements of the Greene County Development Authority can be obtained by contacting the Authority at P.O. Box 741, Greensboro, GA 30642.

NOTE 16 – RELATED ENTITY

Housing Authority of the City of Greensboro, Georgia

On September 10, 1957, the City of Greensboro, Georgia entered into a cooperative agreement with the Housing Authority of the City of Union Point, Georgia (the "Housing Authority"). Under the terms of this agreement, the Housing Authority agrees to endeavor to secure a contract with the Public Housing Authority (the "PHA") for loans and annual contributions and agrees to endeavor to develop and administer one or more projects. The obligations of the parties apply only to projects aggregating not more than 200 units of low-rent housing located within the corporate limits of the City of Greensboro. Under the constitution and statutes of the State of Georgia, all projects are exempt from all real and personal property taxes levied or imposed by any taxing body.

The City agrees that it will not levy or impose real or personal taxes or special assessments upon such projects or upon the Housing Authority with respect thereto as long as:

- The projects are owned by a public body or government agency,

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2010
 (CONTINUED)

- A contract exists between the Housing Authority and the PHA,
- Bonds issued in connection with such project are outstanding.

During such period, the Housing Authority shall make "Payments in Lieu of Taxes" in lieu of such taxes and special assessments and in payment for the public services and facilities from time to time without other cost or charge or with respect to such project. The payment in lieu of taxes shall be lower of either ten percent (10%) of the aggregate Shelter Rent actually collected but in no event to exceed the Shelter Rent charged by the Local Authority in respect to such project during the fiscal year or the amount permitted to be paid by applicable state law.

For the fiscal year ended September 30, 2010, the Authority made payments of \$10,848 "in lieu of taxes".

Greene County Chamber of Commerce

The City has an agreement with the Greene County Chamber of Commerce to pay the salaries and employee benefits for the Chamber. The Chamber then reimburses the City for the salaries and employee benefits. During the fiscal year ended September 30, 2010, the Chamber reimbursed the City \$75,031 for salaries and employee benefits.

NOTE 17 – INVESTMENTS – JOINT VENTURE

The City is a member of a joint venture, Tri-County Natural Gas System, with the City of Union Point, Georgia. The purpose of Tri-County Natural Gas is to acquire, construct, and operate a gas transmission line that passes through the City of Crawford, the City of Lexington and the City of Maxeys, all located in Oglethorpe County, the City of Crawfordville, located in Taliaferro County, and the City of Woodville located in Greene County. These cities are referred to as "Franchise Cities". The "Franchise Cities" obtain natural gas for their residents from the Tri-County Natural Gas System.

The City of Greensboro, Georgia's investment in Tri-County Natural Gas System is as follows:

Investment, October 1	\$	915,611
Greensboro's share of net income		<u>84,009</u>
Investment, September 30	\$	<u>999,620</u>

NOTE 18 – CONCENTRATION OF RISK – MAJOR CUSTOMER

The City receives a substantial amount of its support from the gas sales to Novelis. A significant reduction in the sales, if this were to occur, may have an effect on the City's programs and activities.

	<u>Gas Revenue</u>	<u>Gas Receivables</u>
Total Gas System	\$ 5,153,701	\$ 435,668
Novelis	3,892,633	282,726
Percent of Total	76%	65%

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF GREENSBORO, GEORGIA

SCHEDULE OF PENSION FUNDING PROGRESS
 REQUIRED SUPPLEMENTARY INFORMATION
 SEPTEMBER 30, 2010
 UNAUDITED

Actuarial Valuation Date January 1,	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (b - a)	Funded Ration (a / b)	(c) Annual Covered Payroll	UAAL as a percentage of covered payroll (b - a) / c
2010	\$ 2,180,278	\$2,088,965	\$ (91,313)	104.37%	\$ 1,395,152	-6.55%
2009	1,669,528	2,044,007	374,479	81.68%	1,411,900	26.52%
2008	1,976,834	1,855,063	(121,771)	106.56%	1,180,878	-10.31%
2007	1,844,078	1,720,757	(123,321)	107.17%	1,157,419	-10.65%
2006	1,739,557	1,628,571	(110,986)	106.81%	1,133,447	-9.79%
2005	1,661,880	1,501,090	(160,790)	110.71%	868,954	-18.50%
2004	1,598,737	1,410,492	(188,245)	113.35%	865,501	-21.75%
2003	1,518,971	1,273,295	(245,676)	119.29%	937,284	-26.21%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended 9/30	Annual Required Contribution	Percentage Contributed
2010	\$ 99,354	110%
2009	126,224	62%
2008	71,566	104%

SUPPLEMENTARY INFORMATION

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

CONFISCATED ASSETS FUND - to account for the cash received either from a cash confiscation or cash received from a sale of capital assets acquired from a drug raid.

HOTEL/MOTEL TAX FUND - to account for funds collected from the hotel/motel tax and disbursed to other agencies.

CAPITAL PROJECT FUNDS

ROADS AND BRIDGES SPLOST FUND - to account for the SPLOST monies received from Greene County to be used to finance SPLOST approved projects.

FIRE DEPARTMENT SPLOST FUND - to account for the SPLOST monies received from Greene County to be used to finance SPLOST approved projects.

CDBG Airport Road Fund - to account for the financial resources to be used for the acquisition or construction of a sewer extension project for the Airport.

TEA GRANT STREETScape FUND - to account for the federal grant monies passed through the Georgia Department of Transportation to be used for transportation enhancement projects.

PERMANENT FUND

CEMETERY TRUST FUND - to account for the monies received and maintenance of the City cemetery.

CITY OF GREENSBORO, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2010

	Special Revenue Funds		Capital Project Funds				Permanent Fund	Total Nonmajor Governmental Funds
	Law Enforcement	Hotel Motel Tax	Roads and Bridges		CDBG			
			Fire Department	Airport Road Fund	TEA Grant	Streetscape		
\$ 2,014	\$ -	\$ 2,828	\$ 187	\$ -	\$ 81,925	\$ 22,526	\$ 109,480	
-	-	-	-	-	-	75,992	75,992	
-	3,996	-	-	-	-	-	3,996	
-	4,762	-	-	-	-	-	4,762	
<u>\$ 2,014</u>	<u>\$ 8,758</u>	<u>\$ 2,828</u>	<u>\$ 187</u>	<u>\$ -</u>	<u>\$ 81,925</u>	<u>\$ 98,518</u>	<u>\$ 194,230</u>	

ASSETS

Cash and cash equivalent
Certificates of deposit
Accounts receivable
Due from other funds
Total Assets

LIABILITIES AND FUND BALANCES

Liabilities:							
Accounts payable	\$ -	\$ 8,758	\$ 190	\$ 183	\$ -	\$ -	\$ 9,131
Total Liabilities	-	8,758	190	183	-	-	9,131
Fund Balances:							
Reserved							
Public Safety	2,014	-	-	-	-	-	2,014
Capital Outlay	-	-	2,638	4	81,925	-	84,567
Perpetual Care	-	-	-	-	-	98,518	98,518
Total Fund Balances	<u>2,014</u>	<u>-</u>	<u>2,638</u>	<u>4</u>	<u>81,925</u>	<u>98,518</u>	<u>185,099</u>
Total Liabilities and Fund Balances	\$ 2,014	\$ 8,758	\$ 2,828	\$ 187	\$ 81,925	\$ 98,518	\$ 194,230

CITY OF GREENSBORO, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

	Special Revenue Funds		Capital Project Funds				Permanent Fund	Total Nonmajor Governmental Funds
	Law Enforcement	Hotel Motel Tax	Roads and Bridges	Fire Department	Airport Road Fund	TEA Grant Streetscape		
<u>Revenues:</u>								
Taxes	\$ -	\$ 50,404	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,404
Intergovernmental	-	-	-	-	6,426	-	-	6,426
Fines and forfeitures	3,101	-	-	-	-	-	-	3,101
Interest earnings	-	-	666	-	-	-	1,615	2,281
Other revenues	-	-	-	-	-	-	14,910	14,910
Total Revenues	3,101	50,404	666	-	6,426	-	16,525	77,122
<u>Expenditures:</u>								
Current:								
General government	-	20,162	-	-	-	-	-	20,162
Public safety	1,242	-	-	271	-	-	-	1,513
Public works	-	-	130,788	-	-	-	-	130,788
Culture and recreation	-	-	-	-	-	-	19,755	19,755
Capital outlay	-	-	-	-	6,426	-	-	6,426
Total Expenditures	1,242	20,162	130,788	271	6,426	-	19,755	178,644
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,859	30,242	(130,122)	(271)	-	-	(3,230)	(101,522)
<u>Other Financing Sources (Uses):</u>								
Transfers to other funds	-	(30,242)	-	-	-	-	-	(30,242)
Total other financing sources (uses)	-	(30,242)	-	-	-	-	-	(30,242)
Net change in fund balances	1,859	-	(130,122)	(271)	-	-	(3,230)	(131,764)
Fund Balance, beginning of year	155	-	132,760	275	-	81,925	101,748	316,863
Fund Balance, end of year	\$ 2,014	\$ -	\$ 2,638	\$ 4	\$ -	\$ 81,925	\$ 98,518	\$ 185,099

CITY OF GREENSBORO, GEORGIA

CONFISCATED ASSETS FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

	Final Budget	Actual	Variance with Budget Positive (Negative)
<u>Revenues:</u>			
Forfeitures	\$ 1,500	\$ 3,101	\$ 1,601
Total Revenues	1,500	3,101	1,601
<u>Expenditures:</u>			
Current:			
Public Safety	1,500	1,242	258
Total Expenditures	1,500	1,242	258
Net change in fund balances	\$ -	1,859	\$ 1,859
Fund balance - beginning of year		155	
Fund balance - end of year		\$ 2,014	

CITY OF GREENSBORO, GEORGIA

HOTEL/MOTEL TAX FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

	Final Budget	Actual	Variance with Budget Positive (Negative)
<u>Revenues:</u>			
Taxes	\$ 51,000	\$ 50,404	\$ (596)
Total Revenues	51,000	50,404	(596)
<u>Expenditures:</u>			
Current:			
Better Hometown	20,400	20,162	238
Total Expenditures	20,400	20,162	238
Excess of Revenues Over (Under) Expenditures	30,600	30,242	(358)
<u>Other Financing Sources (Uses):</u>			
Transfer to General Fund	(30,600)	(30,242)	358
Total Other Financing Sources (Uses)	(30,600)	(30,242)	358
Net change in fund balances	\$ -	-	\$ -
Fund Balance - beginning of year		-	
Fund balance - end of year		\$ -	

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GOVERNMENTAL REPORTS

CITY OF GREENSBORO, GEORGIA

SCHEDULE OF PROJECTS CONSTRUCTED
WITH SPECIAL SALES TAX PROCEEDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

	Original Estimated Cost	Expenditures			Estimated Percentage of Completion
		Prior Year(s)	Current Year	Total	
<u>2009 Referendum</u>					
Roads, Streets, Bridges and Sidewalks	\$ 4,311,791	\$ 66,750	\$ 398,303	\$ 465,053	10.79%
Public Safety Facilities and Equipment	900,000	-	29,190	29,190	3.24%
Water, Sewer and Stormwater Facilities and Equipment	1,000,000	-	199,571	199,571	19.96%
Administrative Facilities and Equipment	250,000	-	-	-	0.00%
Cultural Facilities and Equipment	500,000	-	-	-	0.00%
Total 2009 Referendum	6,961,791	66,750	627,064	693,814	
<u>2005 Referendum-Public Safety</u>					
Fire Department Capital Equipment	150,000	149,728	271	149,999	100.00%
Total 2005 Referendum	150,000	149,728	271	149,999	
<u>1999 Referendum-Roads and Bridges</u>					
Road, Street, Bridge Improvement	588,889	469,952	130,788	600,740	102.01%
Total 1999 Referendum	588,889	469,952	130,788	600,740	
Totals	\$ 7,700,680	\$ 686,430	\$ 758,123	\$ 1,444,553	



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American Institute of
Certified Public Accountants
Truman W. Clifton (1902-1989)

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and City Council
The City of Greensboro, Georgia

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Greensboro, Georgia as of and for the fiscal year ended September 30, 2010, which collectively comprise the City of Greensboro, Georgia's basic financial statements and have issued our report thereon dated March 23, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Greensboro, Georgia's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Greensboro, Georgia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Greensboro, Georgia's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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 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 in the accompanying schedule of findings and responses to be material weaknesses. 2010-01.

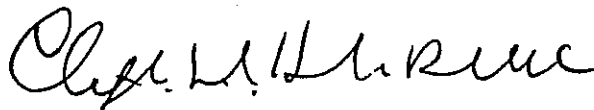
Compliance and Other Matters

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

The City of Greensboro, Georgia's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the City of Greensboro, Georgia's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the audit committee, management, and City Council and is not intended to be and should not be used by anyone other than these specified parties.

Macon, Georgia
March 23, 2011



CITY OF GREENSBORO, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

2010-01 Classification of Expenditures

CRITERIA

The City's internal control structure should be designed to insure the proper classification of expenditures based on the activity to which it pertains.

CONDITION

The City incorrectly classified \$17,226 of SPLOST water and sewer system improvements as Water and Sewer Fund expenses. In addition, a material adjusting entry of \$24,262 was needed to record current year accounts payable.

EFFECT

Expenditures were not classified and reported in their proper fund. Audit adjustments totaling \$41,488 were required to correct the misstatements.

CAUSE

The City did not have adequate internal controls in place to ensure that expenditures were recorded in the proper fund.

RECOMMENDATION

Internal controls should be designed to ensure that expenditures are classified and segregated based on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations of the City.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

The City agrees with the findings and will implement proper controls to ensure that expenditures are classified and segregated and recorded in the proper fund.