

CITY OF GREENSBORO, GEORGIA

AUDIT REPORT

**FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2011**

CITY OF GREENSBORO, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

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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, 2011, 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, 2011, 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 22, 2012, 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 10 and page 48, 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 22, 2012



MANAGEMENT'S DISCUSSION & ANALYSIS

CITY OF GREENSBORO, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2011

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, 2011. 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 2011 by \$17,391,754 (total net assets). Of this amount, \$3,138,729, (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 decreased by \$34,772 during the most recent fiscal year resulting from governmental and business-type activities.
- At the close of fiscal year 2011, the City's governmental funds reported combined ending fund balances of \$752,451. This is a decrease of \$221,940 from prior year.
- At the end of the fiscal year, the total fund balance for the general fund was \$32,021.

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.

CITY OF GREENSBORO, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2011 (CONTINUED)

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 eight 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 six 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 50 through 53.

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.

Beginning with fiscal year 2011, the City of Greensboro implemented GASB No. 54, Fund Balance Report and Governmental Fund Type definitions. The following are the new fund balance categories, definitions, and examples:

- (1) **Nonspendable Fund Balance** – These are amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact. Some examples include prepaid expenses.
- (2) **Restricted Fund Balance** – These are amounts that can be spent only for specific purposes stipulated by limitation imposed by creditors, grantors, contributors, laws, regulations, and enabling legislation. These limitations are imposed by entities, laws and regulations external to the organization. Some examples include Confiscated Assets fund, TEA Grant fund, Cemetery Trust and SPLOST.

CITY OF GREENSBORO, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2011 (CONTINUED)

- (3) **Committed Fund Balance** – These include amounts that can be used only for the specific purposes determined by a formal action of the City of Greensboro Mayor and Council. The Council approves committed resources through a motion and vote during the voting session of Council meetings.
- (4) **Assigned Fund Balance** – This includes amounts to be used by the government for a specific purpose. These are amounts that do not meet the definition of restricted or committed fund balance. This intent can be expressed by the Mayor and City Council.
- (5) **Unassigned Fund Balance** – These are the funds in excess of the other categories and are available for any purpose.

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 2011 by \$17,391,754.

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 \$12,871,916 or 74.01%. 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, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2011 (CONTINUED)

City of Greensboro Net Assets

	Governmental Activities		Business-Type Activities		Total	
	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>
Assets:						
Current assets	\$ 1,669,607	\$ 1,347,612	\$ 2,429,328	\$ 2,514,683	\$ 4,098,935	\$ 3,862,295
Other assets	-	-	1,082,258	1,108,228	1,082,258	1,108,228
Capital assets	3,659,152	4,060,962	12,832,446	12,608,847	16,491,598	16,669,809
Total assets	5,328,759	5,408,574	16,344,032	16,231,758	21,672,791	21,640,332
Liabilities:						
Current liabilities	179,264	189,226	614,741	631,884	794,005	821,110
Long-term liabilities	-	282,986	3,452,260	3,144,482	3,452,260	3,427,468
Total liabilities	179,264	472,212	4,067,001	3,776,366	4,246,265	4,248,578
Net assets:						
Invested in capital assets, net of related debt	3,659,152	3,711,616	9,088,116	9,160,300	12,747,268	12,871,916
Restricted for debt service	-	-	684,980	660,679	684,980	660,679
Restricted for capital outlay	752,432	627,855	-	-	752,432	627,855
Restricted for other purposes	100,532	92,575	-	-	100,532	92,575
Unrestricted	637,379	504,316	2,503,935	2,634,413	3,141,314	3,138,729
Total net assets	\$ 5,149,495	\$ 4,936,362	\$ 12,277,031	\$ 12,455,392	\$ 17,426,526	\$ 17,391,754

An additional portion of the City's net assets, \$1,381,109 or 7.94%, represents resources that are subject to external restrictions on how they may be used. Of this amount, \$60,612 is restricted for the TEA Grant Project. Another category of this portion of the City's net assets is restricted for debt service in the amount of \$660,679; 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. \$627,855 is restricted for capital projects. These are SPLOST monies that are allocated for projects in accordance with the intergovernmental agreement.

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 decreased the City's net assets by \$213,133.

CITY OF GREENSBORO, GEORGIA

**MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2011
(CONTINUED)**

City of Greensboro Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2010	2011	2010	2011	2010	2011
Revenues:						
Program Revenues:						
Charges for services	\$ 194,746	\$ 181,538	\$ 6,475,603	\$ 6,470,503	\$ 6,670,349	\$ 6,652,041
Operating grants/contributions	281,325	249,208	20,000	40,000	301,325	289,208
Capital grants/contributions	879,362	744,857	298,181	198,084	1,177,543	942,941
General Revenues:						
Property taxes	1,207,927	539,072	-	-	1,207,927	539,072
Sales tax	763,450	736,696	-	-	763,450	736,696
Franchise tax	341,260	371,906	-	-	341,260	371,906
Insurance premium tax	179,525	174,307	-	-	179,525	174,307
Other tax	236,307	262,504	-	-	236,307	262,504
Investment earnings	5,296	2,486	98,201	40,667	103,497	43,153
Miscellaneous	50,116	44,069	-	-	50,116	44,069
Total revenue	<u>4,139,314</u>	<u>3,306,643</u>	<u>6,891,985</u>	<u>6,749,254</u>	<u>11,031,299</u>	<u>10,055,897</u>
Expenses:						
General Government	556,696	474,231	-	-	556,696	474,231
Judicial	90,475	117,848	-	-	90,475	117,848
Public safety	1,684,480	1,854,666	-	-	1,684,480	1,854,666
Public works	860,735	969,099	-	-	860,735	969,099
Culture and recreation	120,870	463,953	-	-	120,870	463,953
Housing and development	513,311	336,762	-	-	513,311	336,762
Water and sewer	-	-	1,757,757	1,800,275	1,757,757	1,800,275
Natural gas	-	-	4,317,932	4,073,835	4,317,932	4,073,835
Revolving loan	-	-	284,507	-	284,507	-
Total expenses	<u>3,826,567</u>	<u>4,216,559</u>	<u>6,360,196</u>	<u>5,874,110</u>	<u>10,186,763</u>	<u>10,090,669</u>
Change in net assets before transfers	312,747	(909,916)	531,789	875,144	844,536	(34,772)
Transfers	888,202	696,783	(888,202)	(696,783)	-	-
Change in net assets	1,200,949	(213,133)	(356,413)	178,361	844,536	(34,772)
Net Assets, beginning	3,948,546	5,149,495	12,633,444	12,277,031	16,581,990	17,426,526
Net Assets, ending	<u>\$ 5,149,495</u>	<u>\$ 4,936,362</u>	<u>\$ 12,277,031</u>	<u>\$ 12,455,392</u>	<u>\$ 17,426,526</u>	<u>\$ 17,391,754</u>

Revenues. Property taxes of \$539,072 and sales tax of \$736,696 accounted for 59.99% of total general revenues.

Operating grants and contributions consisted of the following:

- Public safety – fire protection funds of \$29,305 and student resource officer funds of \$197,754 received from Greene County.
- Brownfield grant of \$22,149.

CITY OF GREENSBORO, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2011
(CONTINUED)

Capital grants and contributions consisted of the following:

- SPLOST revenue and interest earnings on the SPLOST funds in the amount of \$744,857.

Expenses. The total expense for the governmental activities is \$4,216,559. The largest single expenditure is public safety. Public safety includes the police, animal control & fire. The total public safety expense is \$1,854,666 or 43.99% of total governmental activity expense.

Business-type activities. The change in net assets for the Business-type activities was a decrease of \$178,361. However, this includes transfers to governmental funds in the amount of \$696,783.

Revenues. Water and sewer revenue was \$1,585,278. Natural gas revenue was \$4,885,225. 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.

Expenses. Water and sewer operating expense was \$1,800,275. Natural gas operating expense was \$4,073,835.

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, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$752,451. The general fund is the chief operating fund of the City.

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, 2011 amounted to \$445,070; those of the Natural Gas Fund amounted to \$2,189,343. The total change in Water and Sewer net assets was an increase of \$183,492 the Water and Sewer fund had a net loss of \$(212,461) before contributions and transfers. The Natural Gas fund's net assets decreased by \$5,131; However, the Natural Gas fund had a net income of \$889,521 before contributions and transfers.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were relatively minor (\$32,559 increase in appropriations was made to carry over unspent funds from the Greene County School Resources Offices budget from a surplus in 2010-2011).

CITY OF GREENSBORO, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2011
(CONTINUED)

During the year, actual revenues were less than budgetary estimates by \$36,834 and actual expenditures were less than budgetary estimates by \$158,039. 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, 2011 amounts to \$16,669,809 (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 Fire Department purchased a fire truck and equipment which totaled \$367,376. The Department also renovated the fire station office at a cost of \$25,465.
- The Highways and Street Department purchased a dump truck and equipment for a cost of \$45,442
- The City continued the I-20 Corridor project. During 2011 fiscal year, \$21,312 was spent on this project.
- The City purchased a radio dispatch system at a cost of \$109,962.
- The City began preliminary work on a new city park. During fiscal year 2011, \$24,207 was spent on this project.

Business-type activities:

- The City began various improvements to the Sanitary Sewer System totaling \$125,370 during fiscal year 2011.
- A new roof was required at the Water Treatment Plant the amount of \$34,900.
- The City purchased an Excavator in the amount of \$29,234 and a high pressure jetter in the amount of \$44,612.

City of Greensboro Capital Assets (net of depreciation)						
	Governmental Activities		Business-Type Activities		Total	
	2010	2011	2010	2011	2010	2011
Land	\$ 1,085,514	\$ 1,085,514	\$ 394,874	\$ 394,874	\$ 1,480,388	\$ 1,480,388
Construction in progress	61,689	111,269	81,847	207,217	143,536	318,486
Building & improvements	1,007,539	1,007,364	9,936,637	9,719,210	10,944,176	10,726,574
Infrastructure	1,251,632	1,175,511	1,586,314	1,488,640	2,837,946	2,664,151
Equipment	163,892	245,168	832,774	798,906	996,666	1,044,074
Furniture & fixtures	5,746	4,852	-	-	5,746	4,852
Vehicles	83,140	431,284	-	-	83,140	431,284
	<u>\$ 3,659,152</u>	<u>\$ 4,060,962</u>	<u>\$ 12,832,446</u>	<u>\$ 12,608,847</u>	<u>\$ 16,491,598</u>	<u>\$ 16,669,809</u>

CITY OF GREENSBORO, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2011 (CONTINUED)

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 \$3,797,893. Water and Sewerage Revenue Bonds account for \$2,289,974. 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 \$1,158,573. During fiscal year 2011, the City entered into a capital lease to finance the purchase of a fire truck. The outstanding balance of this capital lease was \$349,346 at year end.

City of Greensboro Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2010	2011	2010	2011	2010	2011
Revenue bonds	\$ -	\$ -	\$ 2,533,465	\$ 2,289,974	\$ 2,533,465	\$ 2,289,974
Notes payable	-	-	1,210,865	1,158,573	1,210,865	1,158,573
Capital Lease Obligations	-	349,346	-	-	-	349,346
	<u>\$ -</u>	<u>\$ 349,346</u>	<u>\$ 3,744,330</u>	<u>\$ 3,448,547</u>	<u>\$ 3,744,330</u>	<u>\$ 3,797,893</u>

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 valuations used in the tax digest to administer the ad valorem taxes have decreased about 12% in recent years. The City continues to cut back on specific budget items while using furloughs and part-time labor to cut costs. The City has not hired any full time employees to replace those separated by attrition in the last three years.

The City is reacting to the decreased property valuations 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.

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.

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FINANCIAL STATEMENTS

CITY OF GREENSBORO, GEORGIA

STATEMENT OF NET ASSETS
SEPTEMBER 30, 2011

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Better Hometown	Downtown Development Authority
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ 754,087	\$ 819	\$ 754,906	\$ 12,591	\$ 57,234
Certificate of deposit	107,646	828,416	936,062	-	-
Restricted cash and cash equivalents:					
Cash and cash equivalents	-	130,753	130,753	-	-
Certificate of deposit	-	529,926	529,926	-	-
Receivables, net of allowance					
Taxes	535,641	-	535,641	-	-
Accounts	26,515	651,793	678,308	-	-
Intergovernmental	205,598	-	205,598	-	-
Internal balances	(325,607)	325,607	-	-	-
Inventory	-	15,338	15,338	-	-
Prepays	43,732	32,031	75,763	-	-
Total current assets	1,347,612	2,514,683	3,862,295	12,591	57,234
Noncurrent assets:					
Investment-joint venture	-	1,034,772	1,034,772	-	-
Bond issuance costs	-	73,456	73,456	-	-
Capital assets					
Nondepreciable	1,196,783	602,091	1,798,874	-	50,000
Depreciable, net of accumulated depreciation	2,864,179	12,006,756	14,870,935	-	2,028,966
Total noncurrent assets	4,060,962	13,717,075	17,778,037	-	2,078,966
Total Assets	5,408,574	16,231,758	21,640,332	12,591	2,136,200
LIABILITIES					
Accounts payable	81,599	289,021	370,620	-	-
Accrued expenses	19,091	4,281	23,372	-	-
Customer deposits	-	28,146	28,146	-	-
Noncurrent liabilities					
Due within one year	88,536	310,436	398,972	-	-
Due in more than one year	282,986	3,144,482	3,427,468	-	432,847
Total Liabilities	472,212	3,776,366	4,248,578	-	432,847
NET ASSETS					
Invested in capital assets, net of related debt	3,711,616	9,160,300	12,871,916	-	1,646,119
Restricted for					
Debt service	-	660,679	660,679	-	-
Capital outlay	627,855	-	627,855	-	-
Other purposes	92,575	-	92,575	-	-
Unrestricted	504,316	2,634,413	3,138,729	12,591	57,234
Total Net Assets	\$ 4,936,362	\$ 12,455,392	\$ 17,391,754	\$ 12,591	\$ 1,703,353

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, 2011

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets						Component Units	
	Program Revenues			Primary Government			Better Hometown	Downtown Development Authority
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities		
Primary Government:								
Governmental Activities								
General government	\$ 474,231	\$ 17,904	\$ 22,149	\$ 26,748	\$ (407,430)	\$ -		(407,430)
Judicial	117,848	-	-	-	(117,848)	-		-
Public safety	1,854,666	163,634	227,059	96,293	(1,367,680)	-		(1,367,680)
Public works	969,099	-	-	568,320	(400,779)	-		(400,779)
Culture and recreation	463,953	-	-	53,496	(410,457)	-		(410,457)
Housing and development	336,762	-	-	-	(336,762)	-		-
Total governmental activities	4,216,559	181,538	249,208	744,857	(3,040,956)	-		(2,586,346)
Business-Type Activities								
Water & Sewer	1,800,275	1,585,278	-	198,084	-	(16,913)		(16,913)
Gas System	4,073,835	4,885,225	40,000	-	-	851,390		851,390
Total business-type activities	5,874,110	6,470,503	40,000	198,084	-	834,477		834,477
Total Primary Government	\$ 10,090,669	\$ 6,652,041	\$ 289,208	\$ 942,941	(3,040,956)	834,477		(1,751,869)
Component Units:								
Better Hometown	\$ 68,154	\$ -	\$ 6,204	\$ -			\$ (61,950)	\$ -
Downtown Development Authority	94,793	-	3,495	124,370				33,072
Total Component Units	\$ 162,947	\$ -	\$ 9,699	\$ 124,370			(61,950)	33,072
General Revenues								
Property tax					539,072	-		539,072
Sales tax					736,696	-		736,696
Franchise tax					371,906	-		371,906
Insurance premium tax					174,307	-		174,307
Other tax					262,504	-		262,504
Investment earnings					2,486	40,667	12	83
Miscellaneous					44,069	-	51,683	306,277
Total General Revenues					2,131,040	40,667	51,695	306,360
Transfers					696,783	(696,783)	6,895	(6,895)
Total General Revenues and Transfers					2,827,823	(656,116)	58,590	299,465
Change in Net Assets					(213,133)	178,361	(3,360)	332,537
Net Assets - Beginning of year, restated					5,149,495	12,277,031	15,951	1,370,816
Net Assets - End of year					\$ 4,936,362	\$ 12,455,392	\$ 12,591	\$ 1,703,353

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, 2011

	General Fund	SPLOST 2009	Non-Major Governmental Funds	Total Governmental Funds
<u>ASSETS</u>				
Cash and cash equivalent	\$ 181,473	\$ 496,576	\$ 76,038	\$ 754,087
Certificates of deposit	30,497	-	77,149	107,646
Receivables, net of allowance				
Taxes	535,641	-	-	535,641
Accounts	21,661	-	4,854	26,515
Intergovernmental	73,738	131,860	-	205,598
Due from other funds	1,819	30	-	1,849
Prepays	43,732	-	-	43,732
Total Assets	<u>\$ 888,561</u>	<u>\$ 628,466</u>	<u>\$ 158,041</u>	<u>\$ 1,675,068</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 72,493	\$ 6,071	\$ 3,035	\$ 81,599
Accrued expenses	19,091	-	-	19,091
Due to other funds	270,485	55,152	1,819	327,456
Deferred revenues	494,471	-	-	494,471
Total Liabilities	<u>856,540</u>	<u>61,223</u>	<u>4,854</u>	<u>922,617</u>
Fund Balances:				
Nonspendable	43,732	-	-	43,732
Restricted	-	567,243	153,187	720,430
Unassigned, reported in General Fund	<u>(11,711)</u>	<u>-</u>	<u>-</u>	<u>(11,711)</u>
Total Fund Balances	<u>32,021</u>	<u>567,243</u>	<u>153,187</u>	<u>752,451</u>
Total Liabilities and Fund Balances	<u>\$ 888,561</u>	<u>\$ 628,466</u>	<u>\$ 158,041</u>	<u>\$ 1,675,068</u>

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, 2011

Total Fund Balances per Balance Sheet of Governmental Funds	\$ 752,451
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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	6,308,145
Accumulated depreciation	(2,247,183)

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.

494,471

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:

Capital lease payable	(349,346)
Compensated absences	(22,176)

Total Net Assets of Governmental Activities	<u>\$ 4,936,362</u>
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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, 2011

	General Fund	SPLOST 2009	Non-Major Governmental Funds	Total Governmental Funds
<u>Revenues:</u>				
Taxes				
Property tax	\$ 580,454	\$ -	\$ -	\$ 580,454
Sales tax	736,696	-	-	736,696
Other taxes	761,483	-	47,234	808,717
License and permits	17,821	-	-	17,821
Intergovernmental	260,056	735,123	-	995,179
Charges for Services	83	-	-	83
Fines & forfeitures	163,634	-	-	163,634
Interest earnings	1,329	9,734	1,157	12,220
Miscellaneous revenues	28,269	-	15,800	44,069
Total Revenues	2,549,825	744,857	64,191	3,358,873
<u>Expenditures:</u>				
Current:				
General government	447,263	-	18,894	466,157
Judicial	117,848	-	-	117,848
Public safety	2,075,656	-	99	2,075,755
Public works	578,043	-	23,951	601,994
Culture and recreation	155,879	-	24,819	180,698
Housing and development	339,011	-	-	339,011
Capital Outlay	-	845,479	-	845,479
Total Expenditures	3,713,700	845,479	67,763	4,626,942
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,163,875)	(100,622)	(3,572)	(1,268,069)
<u>Other Financing Sources (Uses):</u>				
Transfers from other funds	922,992	-	-	922,992
Transfers to other funds	(197,869)	-	(28,340)	(226,209)
Capital lease proceeds	349,346	-	-	349,346
Total other financing sources (uses)	1,074,469	-	(28,340)	1,046,129
Net change in fund balances	(89,406)	(100,622)	(31,912)	(221,940)
Fund Balance, beginning of year	121,427	667,865	185,099	974,391
Fund Balance, end of year	\$ 32,021	\$ 567,243	\$ 153,187	\$ 752,451

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, 2011

Net change in fund balances - total governmental funds	\$ (221,940)
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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	603,225
Total depreciation	(201,415)

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:

Proceeds from capital lease	(349,346)
Compensated absences	8,573

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 decreased by this amount during the year.	<u>(52,230)</u>
-------------------------------------------------------------	-----------------

Change in Net Assets of Governmental Activities	<u>\$ (213,133)</u>
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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
BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Taxes				
Property	\$ 570,100	\$ 570,100	\$ 580,454	\$ 10,354
Sales	720,000	720,000	736,696	16,696
Franchise	339,000	339,000	371,906	32,906
Insurance premium	175,000	175,000	174,307	(693)
Occupational	46,000	46,000	57,123	11,123
Alcoholic beverage	115,000	115,000	103,486	(11,514)
Other	33,600	33,600	54,660	21,060
Licenses and permits	-	-	17,821	17,821
Intergovernmental	324,000	356,559	260,056	(96,503)
Charges for services	400	400	83	(317)
Fines and forfeitures	158,000	158,000	163,634	5,634
Investment earnings	20,000	20,000	1,329	(18,671)
Miscellaneous	53,000	53,000	28,270	(24,730)
Total Revenues	2,554,100	2,586,659	2,549,825	(36,834)
Expenditures:				
Current:				
General government				
Governing Body	77,680	77,680	67,748	9,932
City Manager	82,700	82,700	80,052	2,648
Financial Administration	352,610	332,210	293,479	38,731
Administrative	15,100	9,100	5,984	3,116
Judicial	93,820	117,920	117,848	72
Public safety	2,165,060	2,150,219	2,075,656	74,563
Public works	549,050	578,050	578,043	7
Culture and recreation	165,940	174,340	155,879	18,461
Housing and development	337,220	349,520	339,011	10,509
Total Expenditures	3,839,180	3,871,739	3,713,700	158,039
Excess of Revenue Over (Under) Expenditure	(1,285,080)	(1,285,080)	(1,163,875)	121,205
Other Financing Sources (Uses):				
Transfer from other funds	835,080	835,080	922,992	87,912
Transfer to other funds	-	-	(197,869)	(197,869)
Proceeds from capital lease	450,000	450,000	349,346	(100,654)
Total Other Financing Sources (Uses)	1,285,080	1,285,080	1,074,469	(210,611)
Net change in fund balance	-	-	(89,406)	(89,406)
Fund balance, beginning of year	-	-	121,427	121,427
Fund balance, end of year	\$ -	\$ -	\$ 32,021	\$ 32,021

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 NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2011

	Business-type Activities- Enterprise Funds		
	Water & Sewer Fund	Gas System	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 382	\$ 437	\$ 819
Certificates of deposit	8,318	820,098	828,416
Restricted cash	130,753	-	130,753
Restricted investments	529,926	-	529,926
Accounts receivable (net of allowance for uncollectible)	290,545	361,248	651,793
Due from other funds	86,623	238,984	325,607
Inventory	15,338	-	15,338
Prepaid expenses	22,549	9,482	32,031
Total current assets	1,084,434	1,430,249	2,514,683
Long-term assets:			
Investment-joint venture	-	1,034,772	1,034,772
Bond issuance costs	73,456	-	73,456
Capital assets:			
Nondepreciable	601,765	326	602,091
Depreciable, net	11,032,604	974,152	12,006,756
Total capital assets, net	11,634,369	974,478	12,608,847
Total long-term assets	11,707,825	2,009,250	13,717,075
Total Assets	12,792,259	3,439,499	16,231,758

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, 2011
 (CONTINUED)

	Business-type Activities- Enterprise Funds		
	Water & Sewer Fund	Gas System	Total
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	22,845	263,876	286,721
Accrued expenses	3,556	725	4,281
Retainage payable	2,300	-	2,300
Customer deposits	17,350	10,796	28,146
Compensated absences	6,090	281	6,371
Total current liabilities payable from unrestricted assets	52,141	275,678	327,819
Current liabilities payable from restricted assets:			
Notes payable - current	50,574	-	50,574
Revenue bonds payable - current	253,491	-	253,491
Total current liabilities payable from restricted assets	304,065	-	304,065
Total current liabilities	356,206	275,678	631,884
Long-term liabilities:			
Notes payable	1,107,999	-	1,107,999
Revenue bonds payable	2,036,483	-	2,036,483
Total long-term liabilities	3,144,482	-	3,144,482
Total Liabilities	3,500,688	275,678	3,776,366
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	8,185,822	974,478	9,160,300
Restricted for debt service	660,679	-	660,679
Unrestricted	445,070	2,189,343	2,634,413
Total Net Assets	\$ 9,291,571	\$ 3,163,821	\$ 12,455,392

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, 2011

	Business-type Activities- Enterprise Funds		
	Water & Sewer Fund	Gas System	Total
<u>Operating revenues:</u>			
Charges and fees	\$ 1,585,278	\$ 4,885,225	\$ 6,470,503
Total operating revenues	1,585,278	4,885,225	6,470,503
<u>Operating expenses:</u>			
Salaries and benefits	576,639	130,730	707,369
Contract management	4,356	696	5,052
Cost of sales	-	3,403,331	3,403,331
Legal and professional	109,204	4,929	114,133
Operating materials	178,419	32,577	210,996
Other operating expenses	65,835	320,474	386,309
Repairs and maintenance	44,721	110,263	154,984
Small equipment	8,635	1,833	10,468
Utilities	225,454	25,878	251,332
Depreciation and amortization	440,282	43,124	483,406
Total operating expenses	1,653,545	4,073,835	5,727,380
Operating income (loss)	(68,267)	811,390	743,123
<u>Nonoperating revenues (expenses):</u>			
Interest income	2,536	38,131	40,667
Investment income-joint venture	-	40,000	40,000
Interest expense	(146,730)	-	(146,730)
Total nonoperating revenues (expenses)	(144,194)	78,131	(66,063)
Income (loss) before transfers	(212,461)	889,521	677,060

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, 2011
 (CONTINUED)

	Business-type Activities- Enterprise Funds		
	Water & Sewer Fund	Gas System	Total
Capital contributions	198,084	-	198,084
Transfers in	197,869	-	197,869
Transfers out	-	(894,652)	(894,652)
Change in net assets	183,492	(5,131)	178,361
Net Assets - Beginning of Year	9,108,079	3,168,952	12,277,031
Net Assets - End of Year	\$ 9,291,571	\$ 3,163,821	\$ 12,455,392

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, 2011

	Business-type Activities- Enterprise Funds		
	Water & Sewer Fund	Gas System	Total
<u>Cash Flows from Operating Activities:</u>			
Cash received from customers	\$ 1,465,473	\$ 4,895,892	\$ 6,361,365
Cash paid to suppliers for goods and services	(634,178)	(3,896,647)	(4,530,825)
Cash paid to employees	(577,715)	(130,343)	(708,058)
Net Cash Flows Provided by (Used for) Operating Activities	253,580	868,902	1,122,482
<u>Cash Flows from Noncapital Financing Activities:</u>			
Transfers	197,869	(894,652)	(696,783)
Net Cash Flows Provided by (Used for) Noncapital Financing Activities	197,869	(894,652)	(696,783)
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Capital contributions	198,084	-	198,084
Principal payments on revenue bonds and notes	(312,292)	-	(312,292)
Interest and fiscal charges on revenue bonds and notes	(146,730)	-	(146,730)
Purchases of capital assets	(219,866)	(14,250)	(234,116)
Net Cash Flows Provided by (Used for) Capital and Related Financing Activities	(480,804)	(14,250)	(495,054)
<u>Cash Flows from Investing Activities:</u>			
Interest income	(1)	-	(1)
Contribution from joint venture	-	40,000	40,000
Net Cash Flows Provided by (Used for) Investing Activities	(1)	40,000	39,999
Net Increase (Decrease) in Cash and Cash Equivalents	(29,356)	-	(29,356)
Cash and Cash Equivalents, Beginning of Year	160,491	437	160,928
Cash and Cash Equivalents, End of Year	\$ 131,135	\$ 437	\$ 131,572

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, 2011
 (CONTINUED)

	Business-type Activities- Enterprise Funds		
	Water & Sewer Fund	Gas System	Total
Classified as:			
Current assets	\$ 382	\$ 437	\$ 819
Restricted assets	130,753	-	130,753
Total Cash and Cash Equivalents, End of Year	\$ 131,135	\$ 437	\$ 131,572
Reconciliation of Net Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities			
Net Operating Income (Loss)	\$ (68,267)	\$ 811,390	\$ 743,123
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Depreciation and amortization	440,282	43,124	483,406
Changes in Assets and Liabilities:			
(Increase) decrease in accounts receivable	(70,600)	(9,433)	(80,033)
(Increase) decrease in due from other funds	(49,066)	21,430	(27,636)
(Increase) decrease in prepaid expenses	(1,399)	(127)	(1,526)
Increase (decrease) in accounts payable	3,845	3,461	7,306
Increase (decrease) in accrued liabilities	(1,076)	387	(689)
Increase (decrease) in customer deposits	(139)	(1,330)	(1,469)
Total Adjustments	321,847	57,512	379,359
Net Cash Provided by (Used for) Operating Activities	\$ 253,580	\$ 868,902	\$ 1,122,482

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, 2011

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. 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. Downtown Development Authority does not issue separate financial statements.

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011
(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

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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

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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 and report the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Capital Projects Funds – Capital Project Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

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
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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 \$150,443. Of this amount, none was applicable to construction of capital assets.

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
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(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.

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011
(CONTINUED)

K. Fund Equity

In the financial statements, governmental funds report the following classifications of fund balance in accordance with Governmental Accounting Standards Board Statement No. 54:

- Nonspendable – amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- Restricted – amounts are restricted when constraints have been placed on the use of resources by (a) externally imposed by creditors, grantors, contributors or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed – amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Council. The Council approves committed resources through a motion and vote during the voting session of Council meetings.
- Assigned – amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. The intent is expressed by the Council.
- Unassigned – amounts that have not been assigned to other funds and that are not restricted, committed or assigned to specific purposes within the General Fund.

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

- Committed
- Assigned
- Unassigned

The City does not have a formal minimum fund balance policy. The following is a summary of the fund balance classifications as of September 30, 2011:

	General Fund	2009 SPLOST	Nonmajor Governmental	Total
Fund Balances				
Nonspendable:				
Prepays	\$ 43,732	\$ -	\$ -	\$ 43,732
Restricted for:				
Cemetery Trust	-	-	90,656	90,656
Public safety	-	-	1,919	1,919
Capital outlay	-	567,243	60,612	627,855
Unassigned	(11,711)	-	-	(11,711)
Total fund balances	\$ 32,021	\$ 567,243	\$ 153,187	\$ 752,451

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011
(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.

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NOTES TO THE FINANCIAL STATEMENTS
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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, 2011 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. At September 30, 2011, the City's only investments were in certificates of deposit.

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(CONTINUED)

At September 30, 2011, the City's investment in certificates of deposit was as follows:

Investment	Maturity	Amount
Certificates of Deposit – Nonmajor Governmental Fund	12 months	\$ 77,149
Certificates of Deposit – Water & Sewer Fund	8 months	8,318
Certificates of Deposit – Water & Sewer Fund	30 days	118,077
Certificates of Deposit – Water & Sewer Fund	6 months	411,849
Certificates of Deposit – Gas System Fund	8 months	241,444
Certificates of Deposit – Gas System Fund	6 months	578,654
Certificates of Deposit – General Fund	8 months	30,497

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

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, 2011.

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.

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
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(CONTINUED)

The property tax calendar is as follows:

	Real/Personal Property (Excluding Vehicles)	Motor Vehicles
Assessment Date	January 1	January 1
Levy Date	September 16	January 1
Due Date and Collection Date	November 16	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.

NOTE 5 – HOTEL/MOTEL EXCISE TAX

A summary of the hotel/motel excise tax expenditures and receipts for the year ended September 30, 2011, is as follows:

<u>Expenditures By Purpose</u>	<u>Amount</u>	<u>Tax Receipts</u>	<u>Percentage</u>
Promote tourism	\$ 18,894	\$ 47,234	40%
General Fund	<u>28,340</u>	<u>-</u>	<u>60%</u>
Total	<u>\$ 47,234</u>	<u>\$ 47,234</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:

	General	SPLOST 2009	Water & Sewer	Gas System	Non-major Governmental	Total
Receivables:						
Taxes	\$ 575,338	\$ -	\$ -	\$ -	\$ -	\$ 575,338
Accounts	21,661	-	641,110	449,977	4,854	1,117,602
Intergovernmental	73,738	131,860	-	-	-	205,598
Gross Receivables	<u>670,737</u>	<u>131,860</u>	<u>641,110</u>	<u>449,977</u>	<u>4,854</u>	<u>1,898,538</u>
Less: allowance for uncollectibles	<u>(39,697)</u>	<u>-</u>	<u>(350,565)</u>	<u>(88,729)</u>	<u>-</u>	<u>(478,991)</u>
Total net receivables	<u>\$ 631,040</u>	<u>\$ 131,860</u>	<u>\$ 290,545</u>	<u>\$ 361,248</u>	<u>\$ 4,854</u>	<u>\$ 1,419,547</u>

CITY OF GREENSBORO, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011
(CONTINUED)

NOTE 7 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of September 30, 2011, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Water & Sewer Fund	General Fund	\$ 31,471
Gas System Fund	General Fund	238,984
SPLOST 2009	General Fund	30
Water & Sewer Fund	SPLOST 2009 Fund	55,152
General Fund	Nonmajor Governmental	1,819
Total		<u>\$ 327,456</u>

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	\$ 894,652	\$ -	\$ 894,652
General Fund	-	197,869	197,869
Nonmajor Governmental Funds	28,340	-	28,340
Total	<u>\$ 922,992</u>	<u>\$ 197,869</u>	<u>\$ 1,120,861</u>

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.

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011
(CONTINUED)

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	61,689	49,580	-	-	111,269
Total capital assets, not being depreciated	1,147,203	49,580	-	-	1,196,783
Capital assets, being depreciated					
Buildings	1,236,169	25,465	-	-	1,261,634
Machinery & equipment	915,685	134,095	-	-	1,049,780
Furniture & fixtures	12,165	-	-	-	12,165
Vehicles	1,004,758	394,085	-	-	1,398,843
Infrastructure	1,388,940	-	-	-	1,388,940
Total capital assets, being depreciated	4,557,717	553,645	-	-	5,111,362
Less accumulated depreciation for:					
Buildings	(228,630)	(25,640)	-	-	(254,270)
Machinery & equipment	(751,793)	(52,819)	-	-	(804,612)
Furniture & fixtures	(6,419)	(894)	-	-	(7,313)
Vehicles	(921,618)	(45,941)	-	-	(967,559)
Infrastructure	(137,308)	(76,121)	-	-	(213,429)
Total accumulated depreciation	(2,045,768)	(201,415)	-	-	(2,247,183)
Total capital assets, being depreciated, net	2,511,949	352,230	-	-	2,864,179
Governmental activities capital assets, net	\$ 3,659,152	\$ 401,810	\$ -	\$ -	\$ 4,060,962

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
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(CONTINUED)

	Beginning Balance	Increase	Decrease	Transfers	Ending Balance
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 394,874	\$ -	\$ -	\$ -	\$ 394,874
Construction in progress	81,847	125,370	-	-	207,217
Total capital assets, not being depreciated	476,721	125,370	-	-	602,091
Capital assets, being depreciated:					
Buildings and improvements	12,558,206	34,900	-	-	12,593,106
Infrastructure	4,883,688	-	-	-	4,883,688
Equipment	1,485,788	73,846	-	-	1,559,634
Vehicles	154,851	-	-	-	154,851
Total capital assets being depreciated	19,082,533	108,746	-	-	19,191,279
Less accumulated depreciation for:					
Buildings and improvements	(2,621,569)	(252,327)	-	-	(2,873,896)
Infrastructure	(3,297,374)	(97,674)	-	-	(3,395,048)
Equipment	(653,014)	(107,714)	-	-	(760,728)
Vehicles	(154,851)	-	-	-	(154,851)
Total accumulated depreciation	(6,726,808)	(457,715)	-	-	(7,184,523)
Total capital assets, being depreciated, net	12,355,725	(348,969)	-	-	12,006,756
Business-type activities capital assets, net	\$ 12,832,446	\$ (223,599)	\$ -	\$ -	\$ 12,608,847

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

Governmental activities:	
General government	\$ 5,274
Public safety	113,975
Public works	72,020
Culture and recreation	9,554
Housing and development	592
Total depreciation expense - governmental activities	<u>\$ 201,415</u>
Business-type activities:	
Water and sewer	\$ 414,591
Gas system	43,124
Total depreciation expense - business-type activities	<u>\$ 457,715</u>

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
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(CONTINUED)

<u>Component Unit Activities:</u>	Beginning Balance	Increase	Transfer	Ending Balance
Downtown Development Authority:				
Capital assets not being depreciated:				
Land	\$ 50,000	\$ -	\$ -	\$ 50,000
Total capital asset not being depreciated	50,000	-	-	50,000
Capital assets being depreciated:				
Building	650,000	-	-	650,000
Building Improvements	1,500,047	-	-	1,500,047
Equipment	-	10,376	-	10,376
Total capital assets being depreciated	2,150,047	10,376	-	2,160,423
Less accumulated depreciation for:				
Building	(57,417)	(13,000)	-	(70,417)
Building Improvements	(30,001)	(30,001)	-	(60,002)
Equipment	-	(1,038)	-	(1,038)
Total accumulated depreciation	(87,418)	(44,039)	-	(131,457)
Total capital assets being depreciated, net	2,062,629	(33,663)	-	2,028,966
Component Unit capital assets, net	\$ 2,112,629	\$ (33,663)	\$ -	\$ 2,078,966

NOTE 9 – LONG-TERM DEBT

Changes in long-term liabilities

Long-term liability activity for the year ended September 30, 2011, was as follows:

	Restated Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences	\$ 30,749	\$ 47,536	\$ (56,109)	\$ 22,176	\$ 22,176
Capital lease payable	-	349,346	-	349,346	66,360
Governmental activity long-term liabilities	\$ 30,749	\$ 396,882	\$ (56,109)	\$ 371,522	\$ 88,536
Business-type activities:					
Compensated absences	\$ 8,761	\$ 16,034	\$ (18,424)	\$ 6,371	\$ 6,371
Notes payable	1,210,865	-	(52,292)	1,158,573	50,574
Revenue bonds payable	2,682,052	-	(260,000)	2,422,052	270,000
Deferred amounts:					
Less: Early retirement	(148,587)	-	16,509	(132,078)	(16,509)
Business-type activity long-term liabilities	\$ 3,753,091	\$ 16,034	\$ (314,207)	\$ 3,454,918	\$ 310,436
Component Unit:					
<u>Downtown Development Authority:</u>					
Notes payable	\$ 894,339	\$ 12,818	\$ (474,310)	\$ 432,847	\$ -
Component Unit long-term liabilities	\$ 894,339	\$ 12,818	\$ (474,310)	\$ 432,847	\$ -

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
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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, 2011, \$440,000 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, 2011
(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, 2011.

Sinking Fund Year	Principal	Interest
2012	\$ 270,000	\$ 92,684
2013	280,000	82,532
2014	290,000	72,004
2015	300,000	61,100
2016	315,000	49,820
2017-2010	967,052	57,904
Total	<u>\$ 2,422,052</u>	<u>\$ 416,044</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 4.04%. 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 September 30	Principal	Interest
2012	\$ 50,574	\$ 46,978
2013	52,785	44,766
2014	54,959	42,593
2015	57,266	40,285
2016	59,634	37,917
2017-2021	338,133	149,624
2022-2026	415,295	72,462
2027-2028	129,927	4,152
Total	<u>\$ 1,158,573</u>	<u>\$ 438,777</u>

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011
(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.

During fiscal year 2011, the City entered into a capital lease with BB&T to finance the purchase of a fire truck. The total amount of the capital lease was \$349,366 and is payable in monthly installments of \$6,208 with interest at 2.55%. The payments begin in October 2011 and will continue until final payment in September 2016.

<u>Years Ending September 30</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 66,360	\$ 8,136
2013	68,072	6,424
2014	69,828	4,668
2015	71,629	2,867
2016	<u>73,457</u>	<u>1,019</u>
Total	<u>\$ 349,346</u>	<u>\$ 23,114</u>

The assets acquired through capital leases are as follows:

<u>Asset:</u>	<u>Governmental Activities</u>
Vehicles	\$ 349,366
Less: Accumulated depreciation	<u>(18,369)</u>
Total	<u>\$ 330,997</u>

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 2011 was \$12,818. The note bears interest at 3.875%. The balance of the note at September 30, 2011 was \$432,847.

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011
(CONTINUED)

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.

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, 2011 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 35% plus age and service based merit increases. 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	19
Active plan members	<u>54</u>
Total	<u>90</u>

CITY OF GREENSBORO, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011
(CONTINUED)

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
2011	\$ 99,354	100%
2010	145,571	100%
2009	81,982	133%

Funded Status and Funding Progress

The funded status of the plan as of January 1, 2011, 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)
1/1/11	\$2,354,742	\$2,234,945	(\$119,797)	105.36%	\$1,495,553	0.00%

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, 2011.

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.

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011
(CONTINUED)

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, 2011 are as follows:

	Governmental Activities	Business Type Activities
Investment in capital assets, net of related debt:		
Cost of capital assets	\$ 6,311,062	\$ 19,793,370
Less accumulated depreciation	(2,250,100)	(7,184,523)
Book value	4,060,962	12,608,847
Less capital related debt	(349,346)	(3,448,547)
Investments in capital assets, net of related debt	<u>\$ 3,711,616</u>	<u>\$ 9,160,300</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.

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.

CITY OF GREENSBORO, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011
(CONTINUED)

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 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 GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011
(CONTINUED)

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,
- 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, 2011, the Authority made payments of \$10,848 "in lieu of taxes".

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011
(CONTINUED)

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, 2011, the Chamber reimbursed the City \$75,258 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	\$ 999,620
Greensboro’s share of net income	<u>35,152</u>
Investment, September 30	<u>\$ 1,034,772</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	\$ 4,885,225	\$ 449,977
Novelis	3,694,032	288,301
Percent of Total	76%	64%

NOTE 19 – RESTATEMENT OF NET ASSETS

During 2011, management recorded a prior period adjustment of \$15,640 to correct the amount previously reported for notes payable in the Downtown Development Authority financial statements. The effect of the adjustment is as follows:

	<u>Downtown Development Authority</u>
Net assets, September 30, 2010 – as previously reported	\$ 1,386,456
Adjustment to net assets:	
Correction of reported notes payable	<u>(15,640)</u>
Net assets, September 30, 2010, restated	<u>\$ 1,370,816</u>

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF GREENSBORO, GEORGIA

SCHEDULE OF PENSION FUNDING PROGRESS
REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2011
UNAUDITED

Actuarial Valuation Date January 1,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Annual Covered Payroll (c)	UAAL as a percentage of covered payroll (b - a) / c
2011	\$ 2,354,742	\$2,234,945	\$ (119,797)	105.36%	\$ 1,495,553	-8.01%
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%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended 9/30	Annual Required Contribution	Percentage Contributed
2011	\$ 99,354	100%
2010	145,571	100%
2009	81,982	133%

SUPPLEMENTARY INFORMATION

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

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

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

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.

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

Permanent funds are used to account for and report financial resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs.

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, 2011

	Special Revenue Funds		Capital Project Funds				Permanent Fund	Total Nonmajor Governmental Funds
	Confiscated Assets	Hotel Motel Tax	Roads and Bridges	Fire Department	TEA Grant Streetscape		Cemetery Trust	
Cash and cash equivalent	\$ 1,919	\$ -	\$ -	\$ -	\$ 60,612	\$	13,507	\$ 76,038
Certificates of deposit	-	-	-	-	-		77,149	77,149
Accounts receivable	-	4,854	-	-	-		-	4,854
Total Assets	\$ 1,919	\$ 4,854	\$ -	\$ -	\$ 60,612	\$	90,656	\$ 158,041

LIABILITIES AND FUND BALANCES

Liabilities:								
Accounts payable	\$ -	\$ 3,035	\$ -	\$ -	\$ -	\$	-	\$ 3,035
Due to other funds	-	1,819	-	-	-		-	1,819
Total Liabilities	-	4,854	-	-	-		-	4,854
Fund Balances:								
Restricted	1,919	-	-	-	60,612		90,656	153,187
Total Fund Balances	1,919	-	-	-	60,612		90,656	153,187
Total Liabilities and Fund Balances	\$ 1,919	\$ 4,854	\$ -	\$ -	\$ 60,612	\$	90,656	\$ 158,041

CITY OF GREENSBORO, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

	Special Revenue Funds		Capital Project Funds				Permanent Fund	Total Nonmajor Governmental Funds
	Confiscated Assets	Hotel Motel Tax	Roads and Bridges	Fire Department	TEA Grant Streetscape	Cemetery Trust		
<u>Revenues:</u>								
Taxes	\$ -	\$ 47,234	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 47,234
Interest earnings	-	-	-	-	-	1,157		1,157
Other revenues	-	-	-	-	-	15,800		15,800
Total Revenues	-	47,234	-	-	-	16,957		64,191
<u>Expenditures:</u>								
Current:								
General government	-	18,894	-	-	-	-		18,894
Public safety	95	-	-	4	-	-		99
Public works	-	-	2,638	-	21,313	-		23,951
Culture and recreation	-	-	-	-	-	24,819		24,819
Total Expenditures	95	18,894	2,638	4	21,313	24,819		67,763
Excess (Deficiency) of Revenues Over (Under) Expenditures	(95)	28,340	(2,638)	(4)	(21,313)	(7,862)		(3,572)
<u>Other Financing Sources (Uses):</u>								
Transfers to other funds	-	(28,340)	-	-	-	-		(28,340)
Total other financing sources (uses)	-	(28,340)	-	-	-	-		(28,340)
Net change in fund balances	(95)	-	(2,638)	(4)	(21,313)	(7,862)		(31,912)
Fund Balance, beginning of year	2,014	-	2,638	4	81,925	98,518		185,099
Fund Balance, end of year	\$ 1,919	\$ -	\$ -	\$ -	\$ 60,612	\$ 90,656	\$	\$ 153,187

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, 2011

	Final Budget	Actual	Variance with Budget Positive (Negative)
<u>Revenues:</u>			
Forfeitures	\$ 3,000	\$ -	\$ (3,000)
Total Revenues	3,000	-	(3,000)
<u>Expenditures:</u>			
Current:			
Public Safety	3,000	95	2,905
Total Expenditures	3,000	95	2,905
Net change in fund balances	\$ -	(95)	\$ (95)
Fund balance - beginning of year		2,014	
Fund balance - end of year		\$ 1,919	

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, 2011

	Final Budget	Actual	Variance with Budget Positive (Negative)
<u>Revenues:</u>			
Taxes	\$ 48,000	\$ 47,234	\$ (766)
Total Revenues	48,000	47,234	(766)
<u>Expenditures:</u>			
Current:			
Better Hometown	19,200	18,894	306
Total Expenditures	19,200	18,894	306
Excess of Revenues Over (Under) Expenditures	28,800	28,340	(460)
<u>Other Financing Sources (Uses):</u>			
Transfer to General Fund	(28,800)	(28,340)	460
Total Other Financing Sources (Uses)	(28,800)	(28,340)	460
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, 2011**

	Original Estimated Cost	Prior Year(s)	Expenditures Current Year		Total	Estimated Percentage of Completion
<u>2009 Referendum</u>						
Roads, Streets, Bridges and Sidewalks	\$ 4,311,791	\$ 465,053	\$ 171,240	\$ 636,293		14.76%
Public Safety Facilities and Equipment	900,000	29,190	176,154	205,344		22.82%
Water, Sewer and Stormwater Facilities and Equipment	1,000,000	199,571	198,085	397,656		39.77%
Administrative Facilities and Equipment	250,000	-	-	-		0.00%
Cultural Facilities and Equipment	500,000	-	300,000	300,000		60.00%
Total 2009 Referendum	6,961,791	693,814	845,479	1,539,293		

2005 Referendum-Public Safety

Fire Department Capital Equipment	150,000	149,999	4	150,003	100.00%
Total 2005 Referendum	150,000	149,999	4	150,003	

Note: This SPLOST project was closed out during fiscal year 2011.

1999 Referendum-Roads and Bridges

Road, Street, Bridge Improvement	588,889	600,740	2,638	603,378	102.46%
Total 1999 Referendum	588,889	600,740	2,638	603,378	

Totals	\$ 7,700,680	\$ 1,444,553	\$ 848,121	\$ 2,292,674	
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Note: This SPLOST project was closed out during fiscal year 2011.



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**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, 2011, which collectively comprise the City of Greensboro, Georgia's basic financial statements and have issued our report thereon dated March 22, 2012. 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

Management of the City of Greensboro, Georgia is responsible for establishing and maintaining effective 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.

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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

