

CITY OF GREENSBORO, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

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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, 2012, 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 previously 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, 2012, 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 13, 2013, 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 should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 3 through 10 and the schedule of pension funding progress on page 49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Greensboro, Georgia's 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 financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, 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 fairly stated in all material respects in relation to the financial statements as a whole.

Macon, Georgia
March 13, 2013



MANAGEMENT'S DISCUSSION & ANALYSIS

CITY OF GREENSBORO, GEORGIA MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Greensboro Georgia, we present management's analysis of the City's financial condition and activities for the fiscal year ended September 30, 2012. 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 2012 by \$17,874,441 (total net assets). Of this amount, \$3,040,037, (unrestricted net assets) was available for use to meet the City's ongoing obligations to its citizens and creditors.
- The City's total net assets increased by \$453,316 during the most recent fiscal year resulting from governmental and business-type activities.
- At the close of fiscal year 2012, the City's governmental funds reported combined ending fund balances of \$1,024,209. This is an increase of \$271,758 from prior year.
- At the end of the fiscal year, the total fund balance for the general fund was \$112,514. This is an increase of \$80,493 from prior year.

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).

**CITY OF GREENSBORO, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)**

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

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

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

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

The City maintains seven 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 five 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 54.

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 CDBG and TEA Grant Capital Project funds. 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:

**CITY OF GREENSBORO, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)**

- (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, Cemetery principal.
- (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, and SPLOST.
- (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 and 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 2012 by \$17,874,441.

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

**CITY OF GREENSBORO, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)**

those assets that are still outstanding, which comprises \$13,248,715 or 74.03%. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Greensboro Net Assets

	Governmental Activities		Business-Type Activities		Total	
Assets:	2011	2012	2011	2012	2011	2012
Current assets	\$ 1,347,612	\$ 1,667,417	\$ 2,514,683	\$ 2,307,020	\$ 3,862,295	\$ 3,974,437
Other assets	29,371	29,371	1,108,228	1,099,257	1,137,599	1,128,628
Capital assets	4,060,962	4,145,083	12,608,847	12,529,979	16,669,809	16,675,062
Total assets	5,437,945	5,841,871	16,231,758	15,936,256	21,669,703	21,778,127
Liabilities:						
Current liabilities	189,226	189,894	631,884	672,831	821,110	862,725
Long-term liabilities	282,986	214,914	3,144,482	2,826,047	3,427,468	3,040,961
Total liabilities	472,212	404,808	3,776,366	3,498,878	4,248,578	3,903,686
Net assets:						
Invested in capital assets, net of related debt	3,711,616	3,862,097	9,160,300	9,386,618	12,871,916	13,248,715
Restricted for debt service	-	-	660,679	673,994	660,679	673,994
Restricted for capital outlay	627,855	814,692	-	-	627,855	814,692
Restricted for other purposes	92,575	97,003	-	-	92,575	97,003
Unrestricted	533,687	663,271	2,634,413	2,376,766	3,168,100	3,040,037
Total net assets	\$ 4,965,733	\$ 5,437,063	\$ 12,455,392	\$ 12,437,378	\$ 17,421,125	\$ 17,874,441

An additional portion of the City's net assets, \$1,585,689 or 8.9%, represents resources that are subject to external restrictions on how they may be used. Of this amount, \$95,084 is restricted for cemetery maintenance, \$1,919 is restricted for public safety, and \$814,692 is restricted for capital projects. Another category of this portion of the City's net assets is restricted for debt service in the amount of \$673,994; 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.

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

Governmental Activities. Governmental activities increased the City's net assets by \$471,330.

**CITY OF GREENSBORO, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)**

City of Greensboro Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
Revenues:	2011	2012	2011	2012	2011	2012
Program Revenues:						
Charges for services	\$ 181,538	\$ 145,290	\$ 6,470,503	\$ 5,573,055	\$ 6,652,041	\$ 5,718,345
Operating grants/contributions	249,208	237,700	40,000	20,000	289,208	257,700
Capital grants/contributions	744,857	790,675	198,084	188,214	942,941	978,889
General Revenues:						
Property taxes	539,072	578,123	-	-	539,072	578,123
Sales tax	736,696	784,123	-	-	736,696	784,123
Franchise tax	371,906	360,413	-	-	371,906	360,413
Insurance premium tax	174,307	157,551	-	-	174,307	157,551
Other tax	262,504	236,801	-	-	262,504	236,801
Investment earnings	2,486	2,519	40,667	3,523	43,153	6,042
Miscellaneous	44,069	53,902	-	-	44,069	53,902
Total revenue	3,306,643	3,347,097	6,749,254	5,784,792	10,055,897	9,131,889
Expenses:						
General Government	474,231	498,141	-	-	474,231	498,141
Judicial	117,848	105,646	-	-	117,848	105,646
Public safety	1,854,666	1,824,010	-	-	1,854,666	1,824,010
Public works	969,099	769,031	-	-	969,099	769,031
Culture and recreation	463,953	288,954	-	-	463,953	288,954
Housing and development	336,762	303,867	-	-	336,762	303,867
Interest	-	8,137	-	-	-	8,137
Water and sewer	-	-	1,800,275	1,874,525	1,800,275	1,874,525
Natural gas	-	-	4,073,835	3,006,262	4,073,835	3,006,262
Total expenses	4,216,559	3,797,786	5,874,110	4,880,787	10,090,669	8,678,573
Change in net assets before transfers	(909,916)	(450,689)	875,144	904,005	(34,772)	453,316
Transfers	696,783	922,019	(696,783)	(922,019)	-	-
Change in net assets	(213,133)	471,330	178,361	(18,014)	(34,772)	453,316
Net Assets, beginning	5,149,495	4,965,733	12,277,031	12,455,392	17,426,526	17,421,125
Prior Period Adjustment	29,371	-	-	-	29,371	-
Net Assets, ending	\$ 4,965,733	\$ 5,437,063	\$ 12,455,392	\$ 12,437,378	\$ 17,421,125	\$ 17,874,441

Revenues. Property taxes of \$578,123 and sales tax of \$784,123 accounted for 62.68% of total general revenues.

Operating grants and contributions consisted of the following:

- Public safety – fire protection funds of \$30,000 and student resource officer funds of \$207,700 received from Greene County.

Capital grants and contributions consisted of the following:

- SPLOST revenue and interest earnings on the SPLOST funds in the amount of \$790,675.

Expenses. The total expense for the governmental activities is \$3,797,786. The largest single expenditure is public safety. Public safety includes the police, animal control & fire.

**CITY OF GREENSBORO, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)**

The total public safety expense is \$1,824,010 or 48.0% of total governmental activity expense.

Business-type activities. The change in net assets for the Business-type activities was a decrease of \$18,014. However, this includes transfers to governmental funds in the amount of \$922,019.

Revenues. Water and sewer operating revenue was \$1,946,949. Natural gas operating revenue was \$3,626,106. 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 \$1,737,100. Natural gas operating expense was \$3,006,262.

Financial Analysis of the City of Greensboro's Funds

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$1,024,209. 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, 2012 amounted to \$269,723; those of the Natural Gas Fund amounted to \$2,107,043. The total change in Water and Sewer net assets was a increase of \$37,657 the Water and Sewer fund had a net income of \$74,095 before contributions and transfers. The Natural Gas fund's net assets decreased by \$55,671; However, the Natural Gas fund had a net income of \$641,696 before contributions and transfers.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were relatively minor. There were increases to the budget in some General fund departments offset by decreases to the budget in other General fund departments.

**CITY OF GREENSBORO, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)**

During the year, actual revenues were less than budgetary estimates by \$30,031 and actual expenditures were less than budgetary estimates by \$ 556,117. 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, 2012 amounts to \$16,675,062 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, infrastructure, building, equipment and vehicles.

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

Governmental-type activities:

- The Police Department purchased police cars and equipment which totaled \$164,856.
- The City purchased a parcel of land for a cost of \$44,943.
- The City continued the I-20 Corridor project. During 2012 fiscal year, \$22,122 was spent on this project.
- The City began preliminary work on the Reynolds Drive Project . During fiscal year 2012, \$36,064 was spent on this project.
- The City began preliminary work on the Mill Street Storm Sewer Project . During fiscal year 2012, \$56,899 was spent on this project.

Business-type activities:

- The City began various improvements to the Water and Sanitary Sewer Systems totaling \$281,073 during fiscal year 2012.
- Equipment was purchased for the Water Treatment Plant totaling \$17,713.
- The Gas fund completed gas lines in the amount of \$70,583. The extension added customers to the Gas system.

**City of Greensboro
Capital Assets
(net of depreciation)**

	Governmental Activities		Business-Type Activities		Total	
	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>
Land	\$ 1,085,514	\$ 1,130,457	\$ 394,874	\$ 394,874	\$ 1,480,388	\$ 1,525,331
Construction in progress	111,269	226,353	207,217	406,531	318,486	632,884
Building & Improvements	1,007,364	980,309	9,719,210	9,560,411	10,726,574	10,540,720
Infrastructure	1,175,511	1,099,389	1,488,640	1,461,432	2,664,151	2,560,821
Equipment	245,168	210,832	798,906	706,731	1,044,074	917,563
Furniture & fixtures	4,852	3,958	-	-	4,852	3,958
Vehicles	431,284	493,785	-	-	431,284	493,785
Total	\$ 4,060,962	\$ 4,145,083	\$ 12,608,847	\$ 12,529,979	\$ 16,669,809	\$ 16,675,062

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 \$3,426,347. Water and Sewerage Revenue Bonds account for \$2,036,483. 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.

**CITY OF GREENSBORO, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)**

There is a note payable to GEFA in the Water Sewer Fund of \$1,106,878. There is a capital lease to finance the purchase of a fire truck. The outstanding balance of this capital lease was \$282,986 at year end.

City of Greensboro Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>
Revenue Bonds	-	-	2,289,974	2,036,483	2,289,974	2,036,483
Notes Payable	-	-	1,158,573	1,106,878	1,158,573	1,106,878
Capital Lease Obligations	349,346	282,986	-	-	349,346	282,986
Total	\$ 349,346	\$ 282,986	\$ 3,448,547	\$ 3,143,361	\$ 3,797,893	\$ 3,426,347

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 stabilized for now. The City will continue to cut back on specific budget items while using furloughs and part-time labor to cut costs into the foreseeable future. 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 it's 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, 2012

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Better Hometown	Downtown Development Authority
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ 928,098	\$ 819	\$ 928,917	\$ 30,758	\$ 49,505
Certificate of deposit	108,320	830,061	938,381	-	-
Restricted cash and cash equivalents:					
Cash and cash equivalents	-	142,392	142,392	-	-
Certificate of deposit	-	531,602	531,602	-	-
Receivables, net of allowance					
Taxes	564,968	-	564,968	-	-
Accounts	47,180	532,438	579,618	139	-
Intergovernmental	199,195	-	199,195	-	-
Internal balances	(223,103)	223,103	-	-	-
Inventory	-	15,338	15,338	-	-
Prepays	42,759	31,267	74,026	-	-
Total current assets	1,667,417	2,307,020	3,974,437	30,897	49,505
Noncurrent assets:					
Other assets	29,371	-	29,371		
Investment-joint venture	-	1,034,983	1,034,983	-	-
Bond issuance costs	-	64,274	64,274	-	-
Capital assets					
Nondepreciable	1,356,810	801,405	2,158,215	-	50,000
Depreciable, net of accumulated depreciation	2,788,273	11,728,574	14,516,847	-	1,984,927
Total noncurrent assets	4,174,454	13,629,236	17,803,690	-	2,034,927
Total Assets	5,841,871	15,936,256	21,778,127	30,897	2,084,432
LIABILITIES					
Accounts payable	76,746	310,227	386,973	-	-
Accrued expenses	21,140	6,041	27,181	-	-
Customer deposits	-	30,940	30,940	-	-
Noncurrent liabilities					
Due within one year	92,008	325,623	417,631	-	-
Due in more than one year	214,914	2,826,047	3,040,961	-	236,165
Total Liabilities	404,808	3,498,878	3,903,686	-	236,165
NET ASSETS					
Invested in capital assets, net of related debt	3,862,097	9,386,618	13,248,715	-	1,798,762
Restricted for					
Debt service	-	673,994	673,994	-	-
Cemetery maintenance	95,084	-	95,084	-	-
Public safety	1,919	-	1,919	-	-
Capital outlay	814,692	-	814,692		
Unrestricted	663,271	2,376,766	3,040,037	30,897	49,505
Total Net Assets	\$ 5,437,063	\$ 12,437,378	\$ 17,874,441	\$ 30,897	\$ 1,848,267

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, 2012

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	\$ 498,141	\$ 3,826	\$ -	\$ 28,393	\$ (465,922)	\$ -		
Judicial	105,646	-	-	-	(105,646)	-		
Public safety	1,824,010	141,464	237,700	102,216	(1,342,630)	-		
Public works	769,031	-	-	603,279	(165,752)	-		
Culture and recreation	288,954	-	-	56,787	(232,167)	-		
Housing and development	303,867	-	-	-	(303,867)	-		
Interest on long-term debt	8,137	-	-	-	(8,137)	-		
Total governmental activities	3,797,786	145,290	237,700	790,675	(2,624,121)	-		
Business-Type Activities								
Water & Sewer	1,874,525	1,946,949	-	188,214	-	260,638		
Gas System	3,006,262	3,626,106	20,000	-	-	639,844		
Total business-type activities	4,880,787	5,573,055	20,000	188,214	-	900,482		
Total Primary Government	\$ 8,678,573	\$ 5,718,345	\$ 257,700	\$ 978,889	(2,624,121)	\$ 900,482		
Component Units:							\$ (56,703)	\$ -
Better Hometown	\$ 76,317	\$ -	\$ 19,614	\$ -				42,875
Downtown Development Authority	63,375	-	-	106,250			(56,703)	42,875
Total Component Units	\$ 139,692	\$ -	\$ 19,614	\$ 106,250				
General Revenues								
Property tax					578,123	-		578,123
Sales tax					784,123	-		784,123
Franchise tax					360,413	-		360,413
Insurance premium tax					157,551	-		157,551
Other tax					236,801	-		236,801
Investment earnings					2,519	3,523	9	7
Miscellaneous					53,902	-	75,000	102,032
Total General Revenues					2,173,432	3,523	75,000	102,039
Transfers					922,019	(922,019)	-	-
Total General Revenues and Transfers					3,095,451	(918,496)	75,000	102,039
Change in Net Assets					471,330	(18,014)	18,306	144,914
Net Assets - Beginning of year					4,965,733	12,455,392	12,591	1,703,353
Net Assets - End of year					\$ 5,437,063	\$ 12,437,378	\$ 30,897	\$ 1,848,267

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, 2012

	General Fund	SPLOST 2009	Non-Major Governmental Funds	Total Governmental Funds
<u>ASSETS</u>				
Cash and cash equivalent	\$ 225,217	\$ 644,994	\$ 57,887	\$ 928,098
Certificates of deposit	30,502	-	77,818	108,320
Receivables, net of allowance				
Taxes	564,968	-	-	564,968
Accounts	42,615	-	4,565	47,180
Intergovernmental	66,848	132,347	-	199,195
Due from other funds	-	-	7,264	7,264
Prepays	42,759	-	-	42,759
Total Assets	<u>\$ 972,909</u>	<u>\$ 777,341</u>	<u>\$ 147,534</u>	<u>\$ 1,897,784</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 63,566	\$ -	\$ 13,180	\$ 76,746
Accrued expenses	21,140	-	-	21,140
Due to other funds	230,367	-	-	230,367
Deferred revenues	545,322	-	-	545,322
Total Liabilities	<u>860,395</u>	<u>-</u>	<u>13,180</u>	<u>873,575</u>
Fund Balances:				
Nonspendable	42,759	-	-	42,759
Restricted	-	777,341	134,354	911,695
Unassigned, reported in General Fund	69,755	-	-	69,755
Total Fund Balances	<u>112,514</u>	<u>777,341</u>	<u>134,354</u>	<u>1,024,209</u>
Total Liabilities and Fund Balances	<u>\$ 972,909</u>	<u>\$ 777,341</u>	<u>\$ 147,534</u>	<u>\$ 1,897,784</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, 2012

Total Fund Balances per Balance Sheet of Governmental Funds	\$ 1,024,209
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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	6,640,195
Accumulated depreciation	(2,495,112)

Net Pension Obligation

Net pension assets are not financial resources and therefore are not reported in the funds	29,371
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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.

545,322

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	(282,986)
Compensated absences	(23,936)

Total Net Assets of Governmental Activities	<u>\$ 5,437,063</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, 2012

	General Fund	SPLOST 2009	Non-Major Governmental Funds	Total Governmental Funds
<u>Revenues:</u>				
Taxes				
Property tax	\$ 516,424	\$ -	\$ -	\$ 516,424
Sales tax	784,123	-	-	784,123
Other taxes	703,645	-	51,120	754,765
License and permits	3,826	-	-	3,826
Intergovernmental	248,548	785,056	-	1,033,604
Charges for Services	-	-	-	-
Fines & forfeitures	141,464	-	-	141,464
Interest earnings	1,851	5,619	668	8,138
Miscellaneous revenues	25,888	-	28,014	53,902
Total Revenues	2,425,769	790,675	79,802	3,296,246
<u>Expenditures:</u>				
Current:				
General government	471,547	-	20,448	491,995
Judicial	105,646	-	-	105,646
Public safety	1,670,942	-	-	1,670,942
Public works	558,194	-	23,261	581,455
Culture and recreation	152,003	-	24,254	176,257
Housing and development	303,571	-	-	303,571
Capital Outlay	-	506,080	36,064	542,144
Debt Service				
Principal	-	66,360	-	66,360
Interest	-	8,137	-	8,137
Total Expenditures	3,261,903	580,577	104,027	3,946,507
Excess (Deficiency) of Revenues Over (Under) Expenditures	(836,134)	210,098	(24,225)	(650,261)
<u>Other Financing Sources (Uses):</u>				
Transfers from other funds	952,691	-	36,064	988,755
Transfers to other funds	(36,064)	-	(30,672)	(66,736)
Total other financing sources (uses)	916,627	-	5,392	922,019
Net change in fund balances	80,493	210,098	(18,833)	271,758
Fund Balance, beginning of year	32,021	567,243	153,187	752,451
Fund Balance, end of year	\$ 112,514	\$ 777,341	\$ 134,354	\$ 1,024,209

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, 2012

Net change in fund balances - total governmental funds \$ 271,758

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	332,050
Total depreciation	(247,929)

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:

Principal payments	66,360
Compensated absences	(1,760)

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>50,851</u>
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Change in Net Assets of Governmental Activities	<u><u>\$ 471,330</u></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, 2012

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Taxes				
Property	\$ 541,100	\$ 541,100	\$ 516,424	\$ (24,676)
Sales	720,000	720,000	784,123	64,123
Franchise	369,000	369,000	360,413	(8,587)
Insurance premium	175,000	175,000	157,551	(17,449)
Occupational	46,000	46,000	53,386	7,386
Alcoholic beverage	115,000	115,000	96,598	(18,402)
Other	33,600	33,600	35,697	2,097
Licenses and permits	2,000	2,000	3,826	1,826
Intergovernmental	237,700	237,700	248,548	10,848
Charges for services	400	400	-	(400)
Fines and forfeitures	158,000	158,000	141,464	(16,536)
Investment earnings	5,000	5,000	1,851	(3,149)
Miscellaneous	53,000	53,000	25,888	(27,112)
Total Revenues	2,455,800	2,455,800	2,425,769	(30,031)
<u>Expenditures:</u>				
Current:				
General government				
Governing Body	73,680	73,680	71,482	2,198
City Manager	82,000	82,000	80,276	1,724
Financial Administration	354,710	319,710	312,289	7,421
Administrative	15,100	15,100	7,500	7,600
Judicial	92,420	107,420	105,646	1,774
Public safety	2,141,230	2,141,330	1,670,942	470,388
Public works	547,560	559,160	558,194	966
Culture and recreation	166,200	166,200	152,003	14,197
Housing and development	345,120	353,420	303,571	49,849
Total Expenditures	3,818,020	3,818,020	3,261,903	556,117
Excess of Revenue Over (Under) Expenditure	(1,362,220)	(1,362,220)	(836,134)	526,086
<u>Other Financing Sources (Uses):</u>				
Transfer from other funds	897,220	897,220	952,691	55,471
Transfer to other funds	-	-	(36,064)	(36,064)
Proceeds from capital lease	450,000	450,000	-	(450,000)
Total Other Financing Sources (Uses)	1,347,220	1,347,220	916,627	(430,593)
Net change in fund balance	(15,000)	(15,000)	80,493	95,493
Fund balance, beginning of year	32,021	32,021	32,021	-
Fund balance, end of year	\$ 17,021	\$ 17,021	\$ 112,514	\$ 95,493

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, 2012

	Business-type Activities- Enterprise Funds		
	Water & Sewer Fund	Gas System	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 382	\$ 437	\$ 819
Certificates of deposit	8,322	821,739	830,061
Restricted cash	142,392	-	142,392
Restricted investments	531,602	-	531,602
Accounts receivable (net of allowance for uncollectible)	250,608	281,830	532,438
Due from other funds	24,096	199,007	223,103
Inventory	15,338	-	15,338
Prepaid expenses	22,047	9,220	31,267
Total current assets	994,787	1,312,233	2,307,020
Long-term assets:			
Investment-joint venture	-	1,034,983	1,034,983
Bond issuance costs	64,274	-	64,274
Capital assets:			
Nondepreciable	801,079	326	801,405
Depreciable, net	10,727,793	1,000,781	11,728,574
Total capital assets, net	11,528,872	1,001,107	12,529,979
Total long-term assets	11,593,146	2,036,090	13,629,236
Total Assets	12,587,933	3,348,323	15,936,256

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, 2012
 (CONTINUED)

	Business-type Activities- Enterprise Funds		
	Water & Sewer Fund	Gas System	Total
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	80,991	226,936	307,927
Accrued expenses	5,384	657	6,041
Retainage payable	2,300	-	2,300
Customer deposits	18,764	12,176	30,940
Compensated absences	7,905	404	8,309
Total current liabilities payable from unrestricted assets	115,344	240,173	355,517
Current liabilities payable from restricted assets:			
Notes payable - current	53,823	-	53,823
Revenue bonds payable - current	263,491	-	263,491
Total current liabilities payable from restricted assets	317,314	-	317,314
Total current liabilities	432,658	240,173	672,831
Long-term liabilities:			
Notes payable	1,053,054	-	1,053,054
Revenue bonds payable	1,772,993	-	1,772,993
Total long-term liabilities	2,826,047	-	2,826,047
Total Liabilities	3,258,705	240,173	3,498,878
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	8,385,511	1,001,107	9,386,618
Restricted for debt service	673,994	-	673,994
Unrestricted	269,723	2,107,043	2,376,766
Total Net Assets	\$ 9,329,228	\$ 3,108,150	\$ 12,437,378

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, 2012

	Business-type Activities- Enterprise Funds		
	Water & Sewer Fund	Gas System	Total
<u>Operating revenues:</u>			
Charges and fees	\$ 1,946,949	\$ 3,626,106	\$ 5,573,055
Total operating revenues	1,946,949	3,626,106	5,573,055
<u>Operating expenses:</u>			
Salaries and benefits	566,957	120,753	687,710
Contract management	9,924	56	9,980
Cost of sales	-	2,480,897	2,480,897
Legal and professional	210,214	13,689	223,903
Operating materials	179,038	49,171	228,209
Other operating expenses	68,580	221,019	289,599
Repairs and maintenance	51,218	45,103	96,321
Small equipment	2,042	2,506	4,548
Utilities	204,560	29,114	233,674
Depreciation and amortization	444,567	43,954	488,521
Total operating expenses	1,737,100	3,006,262	4,743,362
Operating income (loss)	209,849	619,844	829,693
<u>Nonoperating revenues (expenses):</u>			
Interest income	1,671	1,852	3,523
Investment income-joint venture	-	20,000	20,000
Interest expense	(137,425)	-	(137,425)
Total nonoperating revenues (expenses)	(135,754)	21,852	(113,902)
Income (loss) before transfers	74,095	641,696	715,791

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, 2012
 (CONTINUED)

	Business-type Activities- Enterprise Funds		
	Water & Sewer Fund	Gas System	Total
Capital contributions	188,214	-	188,214
Transfers out	(224,652)	(697,367)	(922,019)
Change in net assets	37,657	(55,671)	(18,014)
Net Assets - Beginning of Year	9,291,571	3,163,821	12,455,392
Net Assets - End of Year	\$ 9,329,228	\$ 3,108,150	\$ 12,437,378

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, 2012

	Business-type Activities- Enterprise Funds		
	Water & Sewer Fund	Gas System	Total
<u>Cash Flows from Operating Activities:</u>			
Cash received from customers	\$ 2,050,827	\$ 3,746,881	\$ 5,797,708
Cash paid to suppliers for goods and services	(666,928)	(2,878,233)	(3,545,161)
Cash paid to employees	(563,314)	(120,698)	(684,012)
Net Cash Flows Provided by (Used for) Operating Activities	820,585	747,950	1,568,535
<u>Cash Flows from Noncapital Financing Activities:</u>			
Transfers	(224,652)	(697,367)	(922,019)
Net Cash Flows Provided by (Used for) Noncapital Financing Activities	(224,652)	(697,367)	(922,019)
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Capital contributions	188,214	-	188,214
Principal payments on revenue bonds and notes	(321,695)	-	(321,695)
Interest and fiscal charges on revenue bonds and notes	(137,425)	-	(137,425)
Purchases of capital assets	(313,378)	(70,583)	(383,961)
Net Cash Flows Provided by (Used for) Capital and Related Financing Activities	(584,284)	(70,583)	(654,867)
<u>Cash Flows from Investing Activities:</u>			
Interest income	(10)	-	(10)
Contribution from joint venture	-	20,000	20,000
Net Cash Flows Provided by (Used for) Investing Activities	(10)	20,000	19,990
Net Increase (Decrease) in Cash and Cash Equivalents	11,639	-	11,639
Cash and Cash Equivalents, Beginning of Year	131,135	437	131,572
Cash and Cash Equivalents, End of Year	\$ 142,774	\$ 437	\$ 143,211

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, 2012
 (CONTINUED)

	Business-type Activities- Enterprise Funds		
	Water & Sewer Fund	Gas System	Total
Classified as:			
Current assets	\$ 382	\$ 437	\$ 819
Restricted assets	142,392	-	142,392
Total Cash and Cash Equivalents, End of Year	\$ 142,774	\$ 437	\$ 143,211
Reconciliation of Net Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities			
Net Operating Income (Loss)	\$ 209,849	\$ 619,844	\$ 829,693
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Depreciation and amortization	444,567	43,954	488,521
Changes in Assets and Liabilities:			
(Increase) decrease in accounts receivable	39,937	79,418	119,355
(Increase) decrease in due from other funds	62,527	39,977	102,504
(Increase) decrease in prepaid expenses	502	262	764
Increase (decrease) in accounts payable	58,146	(36,940)	21,206
Increase (decrease) in accrued liabilities	3,643	55	3,698
Increase (decrease) in customer deposits	1,414	1,380	2,794
Total Adjustments	610,736	128,106	738,842
Net Cash Provided by (Used for) Operating Activities	\$ 820,585	\$ 747,950	\$ 1,568,535

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, 2012

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, 2012
(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

NOTES TO THE FINANCIAL STATEMENTS
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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 \$137,425. Of this amount, none was applicable to construction of capital assets.

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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, 2012
(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 Mayor and Council through adoption of a resolution. The Mayor and Council also may modify or rescind the commitment.
- **Assigned** – amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, Mayor and Council has authorized the City Manager or his designee to assign fund balances.
- **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, 2012:

	General Fund	2009 SPLOST	Nonmajor Governmental	Total
Fund Balances				
Nonspendable:				
Prepays	\$ 42,759	\$ -	\$ -	\$ 42,759
Restricted for:				
Cemetery Maintenance	-	-	95,084	95,084
Public safety	-	-	1,919	1,919
Capital outlay	-	777,341	37,351	814,692
Unassigned	69,755	-	-	69,755
Total fund balances	\$ 112,514	\$ 777,341	\$ 134,354	\$ 1,024,209

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
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L. Risk Management

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

M. Restricted and Unrestricted Net Assets

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

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

NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING

A. Budget Process

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

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

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

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

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
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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.

C. Excess of Expenditures Over Appropriations

The following special revenue fund had expenditures in excess of appropriations at the fund level:

Hotel/Motel Tax	\$	2,448
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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, 2012 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, 2012, the City's only investments were in certificates of deposit.

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At September 30, 2012, the City's investment in certificates of deposit was as follows:

Investment	Maturity	Amount
Certificates of Deposit – Nonmajor Governmental Fund	12 months	\$ 77,818
Certificates of Deposit – Water & Sewer Fund	8 months	8,322
Certificates of Deposit – Water & Sewer Fund	30 days	118,188
Certificates of Deposit – Water & Sewer Fund	6 months	252,291
Certificates of Deposit – Gas System Fund	8 months	241,555
Certificates of Deposit – Gas System Fund	6 months	580,184
Certificates of Deposit – General Fund	8 months	30,502

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, 2012.

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
SEPTEMBER 30, 2012
(CONTINUED)

The property tax calendar is as follows:

	Real/Personal Property (Excluding Vehicles)	Motor Vehicles
Assessment Date	January 1	January 1
Levy Date	October 3	January 1
Due Date and Collection Date	December 3	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, 2012, is as follows:

<u>Expenditures By Purpose</u>	<u>Amount</u>	<u>Tax Receipts</u>	<u>Percentage</u>
Promote tourism	\$ 20,448	\$ 51,120	40%
General Fund	<u>30,672</u>	<u>-</u>	<u>60%</u>
Total	<u>\$ 51,120</u>	<u>\$ 51,120</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	\$ 627,946	\$ -	\$ -	\$ -	\$ -	\$ 627,946
Accounts	42,615	-	656,803	373,190	4,565	1,077,173
Intergovernmental	66,848	132,347	-	-	-	199,195
Gross Receivables	<u>737,409</u>	<u>132,347</u>	<u>656,803</u>	<u>373,190</u>	<u>4,565</u>	<u>1,904,314</u>
Less: allowance for uncollectibles	<u>(62,978)</u>	<u>-</u>	<u>(406,195)</u>	<u>(91,360)</u>	<u>-</u>	<u>(560,533)</u>
Total net receivables	<u>\$ 674,431</u>	<u>\$ 132,347</u>	<u>\$ 250,608</u>	<u>\$ 281,830</u>	<u>\$ 4,565</u>	<u>\$ 1,343,781</u>

CITY OF GREENSBORO, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012
(CONTINUED)

NOTE 7 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of September 30, 2012, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Water & Sewer Fund	General Fund	\$ 24,096
Gas System Fund	General Fund	199,007
Nonmajor Governmental	General Fund	7,264
Total		<u>\$ 230,367</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	Nonmajor Governmental	Total
Transfer Out:			
Gas System Fund	\$ 697,367	\$ -	\$ 697,367
Water & Sewer Fund	224,652	-	224,652
General Fund	-	36,064	36,064
Nonmajor Governmental Funds	30,672	-	30,672
Total	<u>\$ 952,691</u>	<u>\$ 36,064</u>	<u>\$ 988,755</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, 2012
(CONTINUED)

NOTE 8 – CAPITAL ASSETS

	Beginning Balance	Increase	Decrease	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 1,085,514	\$ 44,943	\$ -	\$ -	\$ 1,130,457
Construction in progress	111,269	115,084	-	-	226,353
Total capital assets, not being depreciated	1,196,783	160,027	-	-	1,356,810
Capital assets, being depreciated					
Buildings	1,261,634	-	-	-	1,261,634
Machinery & equipment	1,049,780	26,880	-	-	1,076,660
Furniture & fixtures	12,165	-	-	-	12,165
Vehicles	1,398,843	145,143	-	-	1,543,986
Infrastructure	1,388,940	-	-	-	1,388,940
Total capital assets, being depreciated	5,111,362	172,023	-	-	5,283,385
Less accumulated depreciation for:					
Buildings	(254,270)	(27,055)	-	-	(281,325)
Machinery & equipment	(804,612)	(61,216)	-	-	(865,828)
Furniture & fixtures	(7,313)	(894)	-	-	(8,207)
Vehicles	(967,559)	(82,642)	-	-	(1,050,201)
Infrastructure	(213,429)	(76,122)	-	-	(289,551)
Total accumulated depreciation	(2,247,183)	(247,929)	-	-	(2,495,112)
Total capital assets, being depreciated, net	2,864,179	(75,906)	-	-	2,788,273
Governmental activities capital assets, net	\$ 4,060,962	\$ 84,121	\$ -	\$ -	\$ 4,145,083

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012
(CONTINUED)

	Beginning Balance	Increase	Decrease	Transfers	Ending Balance
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 394,874	\$ -	\$ -	\$ -	\$ 394,874
Construction in progress	207,217	281,073	-	(81,759)	406,531
Total capital assets, not being depreciated	602,091	281,073	-	(81,759)	801,405
Capital assets, being depreciated:					
Buildings and improvements	12,593,106	14,592	-	81,759	12,689,457
Infrastructure	4,883,688	70,583	-	-	4,954,271
Equipment	1,559,634	17,713	-	-	1,577,347
Vehicles	154,851	-	-	-	154,851
Total capital assets being depreciated	19,191,279	102,888	-	81,759	19,375,926
Less accumulated depreciation for:					
Buildings and improvements	(2,873,896)	(255,150)	-	-	(3,129,046)
Infrastructure	(3,395,048)	(97,791)	-	-	(3,492,839)
Equipment	(760,728)	(109,888)	-	-	(870,616)
Vehicles	(154,851)	-	-	-	(154,851)
Total accumulated depreciation	(7,184,523)	(462,829)	-	-	(7,647,352)
Total capital assets, being depreciated, net	12,006,756	(359,941)	-	81,759	11,728,574
Business-type activities capital assets, net	<u>\$ 12,608,847</u>	<u>\$ (78,868)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,529,979</u>

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

Governmental activities:	
General government	\$ 4,099
Public safety	158,274
Public works	75,706
Culture and recreation	9,554
Housing and development	296
Total depreciation expense - governmental activities	<u>\$ 247,929</u>
Business-type activities:	
Water and sewer	\$ 418,875
Gas system	43,954
Total depreciation expense - business-type activities	<u>\$ 462,829</u>

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012
(CONTINUED)

<u>Component Unit Activities:</u>	<u>Beginning Balance</u>	<u>Increase</u>	<u>Transfer</u>	<u>Ending Balance</u>
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	2,160,423	-	-	2,160,423
Less accumulated depreciation for:				
Building	(70,417)	(13,000)	-	(83,417)
Building Improvements	(60,002)	(30,001)	-	(90,003)
Equipment	(1,038)	(1,038)	-	(2,076)
Total accumulated depreciation	(131,457)	(44,039)	-	(175,496)
Total capital assets being depreciated, net	2,028,966	(44,039)	-	1,984,927
Component Unit capital assets, net	\$ 2,078,966	\$ (44,039)	\$ -	\$ 2,034,927

NOTE 9 – LONG-TERM DEBT**Changes in long-term liabilities**

Long-term liability activity for the year ended September 30, 2012, was as follows:

	<u>Restated Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Compensated absences	\$ 22,176	\$ 43,335	\$ (41,575)	\$ 23,936	\$ 23,936
Capital lease payable	349,346	-	(66,360)	282,986	68,072
Governmental activity long-term liabilities	\$ 371,522	\$ 43,335	\$ (107,935)	\$ 306,922	\$ 92,008
Business-type activities:					
Compensated absences	\$ 6,371	\$ 14,467	\$ (12,529)	\$ 8,309	\$ 8,309
Notes payable	1,158,573	-	(51,695)	1,106,878	53,823
Revenue bonds payable	2,422,052	-	(270,000)	2,152,052	280,000
Deferred amounts:					
Less: Early retirement	(132,078)	-	16,509	(115,569)	(16,509)
Business-type activity long-term liabilities	\$ 3,454,918	\$ 14,467	\$ (317,715)	\$ 3,151,670	\$ 325,623
Component Unit:					
Downtown Development Authority:					
Notes payable	\$ 432,847	\$ -	\$ (196,682)	\$ 236,165	\$ -
Component Unit long-term liabilities	\$ 432,847	\$ -	\$ (196,682)	\$ 236,165	\$ -

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

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
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(CONTINUED)

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, 2012, \$305,000 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 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),

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012
(CONTINUED)

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, 2012.

Sinking Fund Year	Principal	Interest
2013	\$ 280,000	\$ 87,608
2014	290,000	77,268
2015	300,000	66,552
2016	315,000	55,460
2017	325,000	43,898
2018-2020	642,052	57,904
Total	\$ 2,152,052	\$ 388,690

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
2013	\$ 53,823	\$ 43,728
2014	56,038	41,513
2015	58,344	39,207
2016	60,746	36,806
2017	63,246	34,306
2018-2022	357,483	130,274
2023-2027	437,356	50,400
2028	19,842	119
Total	\$ 1,106,878	\$ 376,353

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012
(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>
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>\$ 282,986</u>	<u>\$ 14,978</u>

The assets acquired through capital leases are as follows:

<u>Asset:</u>	<u>Governmental Activities</u>
Vehicles	\$ 349,366
Less: Accumulated depreciation	<u>(55,106)</u>
Total	<u>\$ 294,262</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 note bears interest at 3.875%. The balance of the note at September 30, 2012 was \$236,165.

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012
(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 \$106,504 was equal to the City's required contributions. The required contribution was determined as part of the January 1, 2012 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return and (b) projected salary increases of 3.5% plus age and service based merit increases and (c) inflation rate of 3.5%. 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, 2012
(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	Net Pension Obligation/(Asset)
2012	\$ 106,504	100%	\$ (29,371)
2011	99,354	100%	(29,371)
2010	145,571	100%	(29,371)

Derivation of Annual Pension Cost

Annual required contribution	\$ 90,393
Interest on Net Pension Obligation	(6,129)
Amortization of Net Pension Obligation	<u>22,240</u>
Annual Pension Cost	<u>\$ 106,504</u>

Derivation of Net Pension Obligation

Annual Pension Cost for Current Year	\$ 106,504
Actual Contributions to Plan for Current Year	<u>106,504</u>
Increase in Net Pension Obligation/(Asset)	-
Net Pension Obligation/(Asset) at September 30, 2011	<u>(29,371)</u>
Net Pension Obligation/(Asset) at September 30, 2012	<u>\$ (29,371)</u>

Funded Status and Funding Progress

The funded status of the plan as of January 1, 2012, 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)
1/1/12	\$2,450,791	\$2,236,755	(\$214,036)	109.57%	\$1,286,535	-16.6%

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012
(CONTINUED)

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

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of September 30, 2012.

NOTE 11 – 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, 2012 are as follows:

	Governmental Activities	Business Type Activities
Investment in capital assets, net of related debt:		
Cost of capital assets	\$ 6,640,195	\$ 20,177,331
Less accumulated depreciation	(2,495,112)	(7,647,352)
Book value	4,145,083	12,529,979
Less capital related debt	(282,986)	(3,143,361)
Investments in capital assets, net of related debt	<u>\$ 3,862,097</u>	<u>\$ 9,386,618</u>

NOTE 12 – 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 OF GREENSBORO, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012
(CONTINUED)

City in any investigation, settlement discussions, and all levels of litigation arising out of any claim made against the city within the scope of protection furnished by the fund.

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

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

NOTE 13 – 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 14 – 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

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012
(CONTINUED)

governments are liable for any debts or obligations of an RC. Separate financial statements may be obtained from the RC's administrative office at 305 Research Drive, Athens, Georgia 30610.

Greene County Development Authority

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

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

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

NOTE 15 – 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.

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012
(CONTINUED)

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, 2012, the Authority made payments of \$10,848 "in lieu of taxes".

Greene County Chamber of Commerce

The City has an agreement with the Greene County Chamber of Commerce to pay the salaries and employee benefits for the Chamber. The Chamber then reimburses the City for the salaries and employee benefits. During the fiscal year ended September 30, 2012, the Chamber reimbursed the City \$41,379 for salaries and employee benefits.

NOTE 16 – 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	\$ 1,034,772
Greensboro's share of net income	<u>211</u>
Investment, September 30	<u>\$ 1,034,983</u>

CITY OF GREENSBORO, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012
(CONTINUED)

NOTE 17 – 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	\$ 3,626,106	\$ 373,190
Novelis	2,785,189	231,624
Percent of Total	77%	62%

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF GREENSBORO, GEORGIA

SCHEDULE OF PENSION FUNDING PROGRESS
 REQUIRED SUPPLEMENTARY INFORMATION
 SEPTEMBER 30, 2012
 UNAUDITED

Actuarial Valuation Date January 1,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ration (a / b)	Annual Covered Payroll (c)	UAAL as a percentage of covered payroll (b - a) / c
2012	\$ 2,450,791	\$2,236,755	\$ (214,036)	109.57%	\$ 1,286,535	-16.64%
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%

SUPPLEMENTARY INFORMATION

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.

REYNOLDS ST CDBG FUND - to account for the CDBG grant monies received to be used for street improvements.

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, 2012

	Special Revenue Funds		Capital Project Funds			Permanent Fund	Total Nonmajor Governmental Funds
	Confiscated Assets	Hotel Motel Tax	Reynolds St CDBG	TEA Grant Streetscape	Cemetery Trust		
Cash and cash equivalent	\$ 1,919	\$ -	\$ -	\$ 38,702	\$ 17,266	\$	\$ 57,887
Certificates of deposit	-	-	-	-	77,818		77,818
Accounts receivable	-	4,565	-	-	-		4,565
Due from other funds	-	4,700	2,564	-	-		7,264
Total Assets	\$ 1,919	\$ 9,265	\$ 2,564	\$ 38,702	\$ 95,084	\$	\$ 147,534

ASSETS

LIABILITIES AND FUND BALANCES

Liabilities:							
Accounts payable	\$ -	\$ 9,265	2,564	\$ 1,351	\$ -	\$	\$ 13,180
Total Liabilities	-	9,265	2,564	1,351	-		13,180
Fund Balances:							
Restricted	1,919	-	-	37,351	95,084		134,354
Total Fund Balances	1,919	-	-	37,351	95,084		134,354
Total Liabilities and Fund Balances	\$ 1,919	\$ 9,265	\$ 2,564	\$ 38,702	\$ 95,084	\$	\$ 147,534

CITY OF GREENSBORO, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

	Special Revenue Funds		Capital Project Funds			Permanent Fund	Total Nonmajor Governmental Funds
	Confiscated Assets	Hotel Motel Tax	Reynolds St CDBG	TEA Grant Streetscape	Cemetery Trust		
<u>Revenues:</u>							
Taxes	\$ -	\$ 51,120	\$ -	\$ -	\$ -	\$ -	\$ 51,120
Interest earnings	-	-	-	-	668	668	668
Other revenues	-	-	-	-	28,014	28,014	28,014
Total Revenues	-	51,120	-	-	28,682	28,682	79,802
<u>Expenditures:</u>							
Current:							
General government	-	20,448	-	-	-	-	20,448
Public works	-	-	-	23,261	-	-	23,261
Culture and recreation	-	-	-	-	24,254	24,254	24,254
Capital outlay	-	-	36,064	-	-	-	36,064
Total Expenditures	-	20,448	36,064	23,261	24,254	24,254	104,027
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	30,672	(36,064)	(23,261)	4,428	(24,225)	
<u>Other Financing Sources (Uses):</u>							
Transfers from other funds	-	-	36,064	-	-	-	36,064
Transfers to other funds	-	(30,672)	-	-	-	-	(30,672)
Total other financing sources (uses)	-	(30,672)	36,064	-	-	-	5,392
Net change in fund balances	-	-	-	(23,261)	4,428	(18,833)	
Fund Balance, beginning of year	1,919	-	-	60,612	90,656	153,187	
Fund Balance, end of year	\$ 1,919	\$ -	\$ -	\$ 37,351	\$ 95,084	\$ 134,354	

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, 2012

	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	-	3,000
Total Expenditures	3,000	-	3,000
Net change in fund balances	-	-	-
Fund balance - beginning of year	1,919	1,919	-
Fund balance - end of year	\$ 1,919	\$ 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, 2012

	Final Budget	Actual	Variance with Budget Positive (Negative)
<u>Revenues:</u>			
Taxes	\$ 45,000	\$ 51,120	\$ 6,120
Total Revenues	45,000	51,120	6,120
<u>Expenditures:</u>			
Current:			
Better Hometown	18,000	20,448	(2,448)
Total Expenditures	18,000	20,448	(2,448)
Excess of Revenues Over (Under) Expenditures	27,000	30,672	3,672
<u>Other Financing Sources (Uses):</u>			
Transfer to General Fund	(27,000)	(30,672)	(3,672)
Total Other Financing Sources (Uses)	(27,000)	(30,672)	(3,672)
Net change in fund balances	-	-	-
Fund Balance - beginning of year	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ -

CITY OF GREENSBORO, GEORGIA

COMMUNITY DEVELOPMENT BLOCK GRANT

#11p-x-066-2-5355

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES-BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Prior Years	Current Year	Total to Date	Project Authorization
<u>Revenues:</u>				
Department of Community Affairs	\$ -	\$ -	\$ -	\$ 482,475
Total Revenues	-	-	-	482,475
<u>Expenditures:</u>				
P-001-01 Acquisition of Property	-	-	-	20,000
T-03J-00 Engineering-Water/Sewer Improvements	-	-	-	9,500
P-03J-01 Water Facilities	-	-	-	97,000
T-03K-00 Engineering-Street Improvements	-	-	-	35,000
P-03K-02 Flood and Drainage Facilities	-	-	-	298,000
A-21A-00 Administration	-	36,064	36,064	22,975
Total Expenditures	-	36,064	36,064	482,475
Excess of Revenues Over (Under) Expenditures	-	(36,064)	(36,064)	-
<u>Other Financing Sources (Uses):</u>				
Transfer from General Fund	-	36,064	36,064	-
Total Other Financing Sources (Uses)	-	36,064	36,064	-
Net change in fund balances	-	-	-	-
Fund Balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ -	\$ -

GOVERNMENTAL REPORTS

CITY OF GREENSBORO, GEORGIA

SCHEDULE OF PROJECTS CONSTRUCTED
WITH SPECIAL SALES TAX PROCEEDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

	Original	Expenditures			Estimated
	Estimated	Prior	Current	Total	Percentage of Completion
	Cost	Year(s)	Year		
<u>2009 Referendum</u>					
Roads, Streets, Bridges and Sidewalks	\$4,311,791	\$ 636,293	\$ 46,688	\$ 682,981	15.84%
* Public Safety Facilities and Equipment	900,000	205,344	241,432	446,776	49.64%
Water, Sewer and Stormwater Facilities and Equipment	1,000,000	397,656	188,214	585,870	58.59%
Administrative Facilities and Equipment	250,000	-	-	-	0.00%
Cultural Facilities and Equipment	500,000	300,000	104,243	404,243	80.85%
Total 2009 Referendum	6,961,791	1,539,293	580,577	2,119,870	

* Note 1 > The Public Safety Facilities and Equipment expenditures for FY 2012 include the following items:

Capital Outlay	166,935
Debt Service - Principal	66,360
Debt Service - Interest	8,137
Total expenditures	241,432

The debt service payments are for the fire truck purchased by the City during FY 2011 using proceeds from a capital lease. The lease payments began in FY 2012.

CITY OF GREENSBORO, GEORGIA
BALANCE SHEET
COMPONENT UNIT-BETTER HOMETOWN
SEPTEMBER 30, 2012

ASSETS

Cash and cash equivalent	\$	30,758
Receivables, net of allowance		
Accounts		<u>1,496</u>
Total Assets	\$	<u><u>32,254</u></u>

LIABILITIES AND FUND BALANCES

Liabilities:		
Accounts payable	\$	<u>1,357</u>
Total Liabilities		<u>1,357</u>
Fund Balances:		
Unassigned		<u>30,897</u>
Total Fund Balance		<u>30,897</u>
Total Liabilities and Fund Balance	\$	<u><u>32,254</u></u>

CITY OF GREENSBORO, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 COMPONENT UNIT-BETTER HOMETOWN
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

<u>Revenues:</u>	
Contributions	\$ 12,104
Intergovernmental	82,510
Interest earnings	9
	<hr/>
Total Revenues	94,623
	<hr/>
<u>Expenditures:</u>	
Current:	
Professional services	19,204
Rental	13,447
Supplies	15,087
Travel	2,216
Other	26,363
	<hr/>
Total Expenditures	76,317
	<hr/>
Net change in fund balances	18,306
	<hr/>
Fund Balance, beginning of year	12,591
	<hr/>
Fund Balance, end of year	\$ 30,897
	<hr/>

CITY OF GREENSBORO, GEORGIA

BALANCE SHEET
COMPONENT UNIT-DOWNTOWN DEVELOPMENT AUTHORITY
SEPTEMBER 30, 2012

ASSETS

Cash and cash equivalent	\$ 49,505
Total Assets	<u>\$ 49,505</u>

LIABILITIES AND FUND BALANCES

Liabilities:	
Accounts payable	\$ -
Total Liabilities	-
Fund Balances:	
Unassigned	<u>49,505</u>
Total Fund Balance	<u>49,505</u>
Total Liabilities and Fund Balance	<u>\$ 49,505</u>

CITY OF GREENSBORO, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 COMPONENT UNIT-DOWNTOWN DEVELOPMENT AUTHORITY
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

<u>Revenues:</u>	
Contributions	\$ 106,250
Intergovernmental	102,032
Interest earnings	7
	<hr/>
Total Revenues	208,289
	<hr/>
<u>Expenditures:</u>	
Current:	
Professional services	1,350
Printing	682
Other	2,940
Debt Service	
Principal	196,682
Interest	14,364
Total Expenditures	216,018
	<hr/>
Net change in fund balances	(7,729)
Fund Balance, beginning of year	57,234
	<hr/>
Fund Balance, end of year	\$ 49,505
	<hr/>

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Truman W. Clifton (1902-1989)

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

Honorable Mayor and 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, 2012, which collectively comprise the City of Greensboro, Georgia's basic financial statements and have issued our report thereon dated March 13, 2013. 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 opinions 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.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the City in a separate letter dated March 13, 2013.

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

Macon, Georgia
March 13, 2013

Chps 2, 11, 12, 13, 14

