

CITY OF GREENSBORO, GEORGIA

AUDIT REPORT

**FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2013**

CITY OF GREENSBORO, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

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INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council of the
City of Greensboro, Georgia

Report on the Financial Statements

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 (the "City") as of and for the fiscal year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Greensboro, Georgia, as of September 30, 2013, and the respective changes in financial position, and, where applicable, cash flows, and the respective budgetary comparison for the General Fund thereof and for the fiscal year then ended, in accordance with accounting principles generally accepted in the United States of America.

Matter of Emphasis

As discussed in Note 17 to the financial statements, in 2013, the City adopted new accounting guidance, GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position and GASB Statement No. 65, Items Previously Reported as Assets and Liabilities. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 4 through 13 and the Retirement Plan – Schedule of Funding Progress on page 48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers them 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.

Other Information

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

The combining nonmajor fund financial statements and the schedule of project expenditures with special sales tax proceeds has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 4, 2014 on our consideration of 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* in considering City of Greensboro, Georgia's internal control over financial reporting and compliance.

Macon, Georgia
April 4, 2014



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, 2013. 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 2013 by \$17,734,949 (total net position). Of this amount, \$1,460,341, (unrestricted net position) was available for use to meet the City's ongoing obligations to its citizens and creditors.
- The City's total net position decreased by \$75,218 during the most recent fiscal year resulting from governmental and business-type activities.
- At the close of fiscal year 2013, the City's governmental funds reported combined ending fund balances of \$1,173,284. This is an increase of \$149,075 from prior year.
- At the end of the fiscal year, the total fund balance for the general fund was \$78,960. This is a decrease of \$33,554 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 position presents information on all of the City's assets and liabilities, with the difference between the two being reported as net position. Over time, increases or decreases in net position 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 position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected property taxes and earned but unused vacation leave).

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

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

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

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

The City maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances for the general fund and the SPLOST 2009 fund, which are considered major funds. The data from the six other funds, the nonmajor funds, is aggregated into a single presentation. The individual fund data for each of these nonmajor funds is provided in the form of combining statements on pages 54 through 55.

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. A project length budget was adopted for its 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:

- (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 principle.
- (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 and its natural gas system operations.

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

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

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

Government-wide Financial Analysis

As noted earlier, net position 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 2013 by \$17,734,949.

The largest component of the City's net position is the net investment in capital assets (e.g. land, buildings, infrastructure, machinery and equipment); less any related debt used to acquire those assets that are still outstanding, which comprises \$13,524,244 or 76.3%. 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 net 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 Position

	Governmental Activities		Business-Type Activities		Total	
	2012	2013	2012	2013	2012	2013
Assets:						
Current assets	\$ 1,667,417	\$ 1,875,478	\$ 2,307,020	\$ 3,137,442	\$ 3,974,437	\$ 5,012,920
Other assets	29,371	29,371	1,034,983	1,789,964	1,064,354	1,819,335
Capital assets	4,145,083	4,473,856	12,529,979	12,190,408	16,675,062	16,664,264
Total assets	<u>5,841,871</u>	<u>6,378,705</u>	<u>15,871,982</u>	<u>17,117,814</u>	<u>21,713,853</u>	<u>23,496,519</u>
Deferred Outflow of Resources:						
Deferred Charge on refunding	-	-	-	99,057	-	99,057
Liabilities:						
Current liabilities	189,894	203,368	672,831	839,283	862,725	1,042,651
Long-term liabilities	214,914	145,086	2,826,047	4,138,264	3,040,961	4,283,350
Total liabilities	<u>404,808</u>	<u>348,454</u>	<u>3,498,878</u>	<u>4,977,547</u>	<u>3,903,686</u>	<u>5,326,001</u>
Deferred Inflow of Resources:						
Unearned revenue - property taxes	-	534,626	-	-	-	534,626
Net position:						
Net investment in capital assets	3,862,097	4,258,942	9,386,618	9,265,302	13,248,715	13,524,244
Restricted for debt service	-	-	673,994	684,142	673,994	684,142
Restricted for capital outlay	814,692	994,547	-	971,898	814,692	1,966,445
Restricted for other purposes	97,003	99,777	-	-	97,003	99,777
Unrestricted	663,271	142,359	2,312,492	1,317,982	2,975,763	1,460,341
Total net position	<u>\$ 5,437,063</u>	<u>\$ 5,495,625</u>	<u>\$ 12,373,104</u>	<u>\$ 12,239,324</u>	<u>\$ 17,810,167</u>	<u>\$ 17,734,949</u>

An additional portion of the City's net position, \$2,750,364 or 15.5% represents resources that are subject to external restrictions on how they may be used. Of this amount, \$98,563 is restricted for cemetery maintenance, \$1,214 is restricted for public safety, and \$1,966,445 is restricted for capital projects. Another category of this portion of the City's net position is restricted for debt service in the amount of \$684,142; 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 position.

Governmental Activities. Governmental activities increased the City's net position by \$58,562.

City of Greensboro Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2012	2013	2012	2013	2012	2013
Revenues:						
Program Revenues:						
Charges for services	\$ 145,290	\$ 166,904	\$ 5,573,055	\$ 5,909,496	\$ 5,718,345	\$ 6,076,400
Operating grants/contributions	237,700	243,870	20,000	-	257,700	243,870
Capital grants/contributions	790,675	1,178,343	188,214	164,055	978,889	1,342,398
General Revenues:						
Property taxes	578,123	31,033	-	-	578,123	31,033
Sales tax	784,123	668,457	-	-	784,123	668,457
Franchise tax	360,413	344,067	-	-	360,413	344,067
Insurance premium tax	157,551	167,346	-	-	157,551	167,346
Other tax	236,801	311,096	-	-	236,801	311,096
Investment earnings	2,519	1,385	3,523	757,255	6,042	758,640
Miscellaneous	53,902	116,417	-	-	53,902	116,417
Total revenue	3,347,097	3,228,918	5,784,792	6,830,806	9,131,889	10,059,724
Expenses:						
General Government	498,141	485,202	-	-	498,141	485,202
Judicial	105,646	119,626	-	-	105,646	119,626
Public safety	1,824,010	1,764,956	-	-	1,824,010	1,764,956
Public works	769,031	1,018,543	-	-	769,031	1,018,543
Culture and recreation	288,954	213,480	-	-	288,954	213,480
Housing and development	303,867	309,088	-	-	303,867	309,088
Interest	8,137	6,425	-	-	8,137	6,425
Water and sewer	-	-	1,938,799	1,825,595	1,938,799	1,825,595
Natural gas	-	-	3,006,262	4,392,027	3,006,262	4,392,027
Total expenses	3,797,786	3,917,320	4,945,061	6,217,622	8,742,847	10,134,942
Change in net position before transfers	(450,689)	(688,402)	839,731	613,184	389,042	(75,218)
Transfers	922,019	746,964	(922,019)	(746,964)	-	-
Change in net position	471,330	58,562	(82,288)	(133,780)	389,042	(75,218)
Net Position, beginning, restated	4,965,733	5,437,063	12,455,392	12,373,104	17,421,125	17,810,167
Net Position, ending	\$ 5,437,063	\$ 5,495,625	\$ 12,373,104	\$ 12,239,324	\$ 17,810,167	\$ 17,734,949

Revenues. Sales tax of \$668,457 and franchise tax of \$344,067 accounted for 61.75% 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 \$185,696 received from Greene County.
- Public works – Local Maintenance & Improvement Grant funds from Georgia Department of Transportation in the amount of \$28,174.

Capital grants and contributions consisted of the following:

- SPLOST revenue and interest earnings on the SPLOST funds in the amount of \$810,885
- CDBG grant funds on the Reynolds Street project in the amount of \$365,958
- CDBG grant funds for the water improvements in the amount of \$1,500.

Expenses. The total expense for the governmental activities is \$3,917,320. The largest expenditure is public safety. Public safety includes the police & fire. The total public safety expense is \$1,764,956 or 45.06% of total governmental activity expense.

Business-type activities. The change in net position for the Business-type activities was a decrease of \$133,780. However, this includes transfers to governmental funds in the amount of \$746,964.

Revenues. Water and sewer operating revenue was \$1,872,757. Natural gas operating revenue was \$4,036,739. 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 \$1,683,938. Natural gas operating expense was \$3,599,999.

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 \$1,173,284. 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 position of the Water and Sewer Fund at September 30, 2013 amounted to \$385,124; those of the Natural Gas Fund amounted to \$932,858. The total change in Water and Sewer net position was an increase of \$49,235. The Water and Sewer fund had a net income of \$47,848 before contributions and transfers. The Natural Gas fund's net position decreased by \$183,015; however, the Natural Gas fund had a net income of \$424,041 before 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.

During the year, actual revenues were more than budgetary estimates by \$65,879 and actual expenditures were less than budgetary estimates by \$ 207,500.

Capital Assets and Debt Administration

Capital Assets. The City's capital asset balance for its governmental and business-type activities as of September 30, 2013 amounts to \$16,664,264 (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 vehicles and equipment which totaled \$49,184.
- The City purchased a parcel of land for a cost of \$61,386.
- The City continued the I-20 Corridor project. During 2013 fiscal year, \$36,354 was spent on this project.
- The City continued the Reynolds Drive project. During fiscal year 2013, \$382,236 was spent on this project.
- The City continued the Mill Street Storm Sewer Project. During fiscal year 2013, \$55,264 was spent on this project.

Business-type activities:

- The City began various improvements to the Sanitary Sewer System totaling \$12,410 during fiscal year 2013.
- Equipment was purchased for the Water fund totaling \$35,463.
- Vehicles were purchased for the Water and Gas funds in the amount of \$23,973.
- The Gas fund completed gas lines in the amount of \$57,937. These extensions added customers to the Gas system.

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

	Governmental Activities		Business-Type Activities		Total	
	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>
Land	\$ 1,130,457	\$ 1,191,843	\$ 394,874	\$ 394,874	\$ 1,525,331	\$ 1,586,717
Construction in progress	226,353	676,001	406,531	82,233	632,884	758,234
Building & Improvements	980,309	953,254	9,560,411	9,639,870	10,540,720	10,593,124
Infrastructure	1,099,389	1,047,373	1,461,432	1,420,094	2,560,821	2,467,467
Equipment	210,832	182,272	706,731	631,291	917,563	813,563
Furniture & fixtures	3,958	3,064	-	-	3,958	3,064
Vehicles	493,785	420,049	-	22,046	493,785	442,095
Total	\$ 4,145,083	\$ 4,473,856	\$ 12,529,979	\$ 12,190,408	\$ 16,675,062	\$ 16,664,264

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 \$4,737,981. Water and Sewerage Revenue Bonds account for \$1,872,052. 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. The City issued Combined Utility Revenue Refunding & Improvement Bonds, Series 2013. These bonds are reported as a liability in the Gas Fund. The outstanding balance of these bonds was \$ 1,597,961 at year end. There is a note payable to GEFA in the Water Sewer Fund of \$1,053,054. There is a capital lease to finance the purchase of a fire truck. The outstanding balance of this capital lease was \$214,914 at year end.

City of Greensboro Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>
Revenue Bonds	-	-	2,152,052	3,470,013	2,152,052	3,470,013
Notes Payable	-	-	1,106,878	1,053,054	1,106,878	1,053,054
Capital Lease Obligations	282,986	214,914	-	-	282,986	214,914
Total	\$ 282,986	\$ 214,914	\$ 3,258,930	\$ 4,523,067	\$ 3,541,916	\$ 4,737,981

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.

FINANCIAL STATEMENTS

CITY OF GREENSBORO, GEORGIA

STATEMENT OF NET POSITION
SEPTEMBER 30, 2013

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Better Hometown	Downtown Development Authority
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ 985,315	\$ 819	\$ 986,134	\$ 17,416	\$ 56,704
Certificate of deposit	108,777	630,788	739,565	-	-
Restricted cash and cash equivalents:					
Cash and cash equivalents	-	1,126,184	1,126,184	-	-
Certificate of deposit	-	529,856	529,856	-	-
Receivables, net of allowance					
Taxes	590,314	-	590,314	-	-
Accounts	34,997	567,057	602,054	-	-
Intergovernmental	313,638	52,968	366,606	-	-
Internal balances	(200,454)	200,454	-	-	-
Prepays	42,891	29,316	72,207	-	-
Total current assets	1,875,478	3,137,442	5,012,920	17,416	56,704
Noncurrent assets:					
Other assets	29,371	-	29,371		
Investment-joint venture	-	1,789,964	1,789,964	-	-
Capital assets					
Nondepreciable	1,867,844	477,107	2,344,951	-	50,000
Depreciable, net of accumulated depreciation	2,606,012	11,713,301	14,319,313	-	1,940,888
Total noncurrent assets	4,503,227	13,980,372	18,483,599	-	1,990,888
Total Assets	6,378,705	17,117,814	23,496,519	17,416	2,047,592
DEFERRED OUTFLOW OF RESOURCES					
Deferred charge on refunding	-	99,057	99,057	-	-
LIABILITIES					
Accounts payable	96,338	417,165	513,503	2,218	350
Accrued expenses	15,542	-	15,542	-	-
Customer deposits	-	30,615	30,615	-	-
Noncurrent liabilities					
Due within one year	91,488	391,503	482,991	-	-
Due in more than one year	145,086	4,138,264	4,283,350	-	181,047
Total Liabilities	348,454	4,977,547	5,326,001	2,218	181,397
DEFERRED INFLOWS OF RESOURCES					
Unearned revenue - property taxes	534,626	-	534,626	-	-
Total Deferred Inflows of Resources	534,626	-	534,626	-	-
NET POSITION					
Net investment in capital assets	4,258,942	9,265,302	13,524,244	-	1,809,841
Restricted for					
Debt service	-	684,142	684,142	-	-
Cemetery maintenance	98,563	-	98,563	-	-
Public safety	1,214	-	1,214	-	-
Capital outlay	994,547	971,898	1,966,445		
Unrestricted	142,359	1,317,982	1,460,341	15,198	56,354
Total Net Position	\$ 5,495,625	\$ 12,239,324	\$ 17,734,949	\$ 15,198	\$ 1,866,195

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, 2013

Functions/Programs	Program Revenues					Net (Expense) Revenue and Changes in Net Position			Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total		Better Hometown	Downtown Development Authority
Primary Government:										
Governmental Activities										
General government	\$ 485,202	\$ 5,029	\$ -	\$ 29,119	\$ (451,054)	\$ -	\$ (451,054)			
Judicial	119,626	-	-	-	(119,626)	-	-			
Public safety	1,764,956	161,875	215,696	104,829	(1,282,556)	-	(1,282,556)			
Public works	1,018,543	-	28,174	986,157	(4,212)	-	(4,212)			
Culture and recreation	213,480	-	-	58,238	(155,242)	-	(155,242)			
Housing and development	309,088	-	-	-	(309,088)	-	-			
Interest on long-term debt	6,425	-	-	-	(6,425)	-	-			
Total governmental activities	3,917,320	166,904	243,870	1,178,343	(2,328,203)	-	(1,893,064)			
Business-Type Activities										
Water & Sewer	1,825,595	1,872,757	-	141,295	-	188,457	188,457			
Gas System	4,392,027	4,036,739	-	22,760	-	(332,528)	(332,528)			
Total business-type activities	6,217,622	5,909,496	-	164,055	-	(144,071)	(144,071)			
Total Primary Government	\$ 10,134,942	\$ 6,076,400	\$ 243,870	\$ 1,342,398	(2,328,203)	(144,071)	(2,037,135)			
Component Units:										
Better Hometown	\$ 83,163	\$ -	\$ 21,996	\$ -				\$ (61,167)	\$ -	
Downtown Development Authority	54,519	-	5,000	65,562				-	16,043	
Total Component Units	\$ 137,682	\$ -	\$ 26,996	\$ 65,562				(61,167)	16,043	
General Revenues										
Property tax					31,033	-	31,033			
Sales tax					668,457	-	668,457			
Franchise tax					344,067	-	344,067			
Insurance premium tax					167,346	-	167,346			
Other tax					311,096	-	311,096			
Investment earnings					1,385	757,255	758,640	14	6	
Miscellaneous					116,417	-	116,417	45,454	1,879	
Total General Revenues					1,639,801	757,255	2,397,056	45,468	1,885	
Transfers										
					746,964	(746,964)	-	-	-	
Total General Revenues and Transfers					2,386,765	10,291	2,397,056	45,468	1,885	
Change in Net Position					58,562	(133,780)	(75,218)	(15,699)	17,928	
Net Position - Beginning of year, restated					5,437,063	12,373,104	17,810,167	30,897	1,848,267	
Net Position - End of year					\$ 5,495,625	\$ 12,239,324	\$ 17,734,949	\$ 15,198	\$ 1,866,195	

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, 2013

	General Fund	SPLOST 2009	Non-Major Governmental Funds	Total Governmental Funds
<u>ASSETS</u>				
Cash and cash equivalent	\$ 101,071	\$ 862,675	\$ 21,569	\$ 985,315
Certificates of deposit	30,502	-	78,275	108,777
Receivables, net of allowance				
Taxes	590,314	-	-	590,314
Accounts	28,791	-	6,206	34,997
Intergovernmental	63,915	134,014	115,709	313,638
Due from other funds	127,375	300	8,387	136,062
Prepays	42,891	-	-	42,891
Total Assets	\$ 984,859	\$ 996,989	\$ 230,146	\$ 2,211,994
<u>LIABILITIES</u>				
Accounts payable	\$ 71,523	\$ 2,507	\$ 22,308	\$ 96,338
Accrued expenses	15,542	-	-	15,542
Due to other funds	228,520	-	107,996	336,516
Total Liabilities	315,585	2,507	130,304	448,396
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unearned revenue - property taxes	534,626	-	-	534,626
Unavailable revenue - property taxes	55,688	-	-	55,688
Total Deferred Inflows of Resources	590,314	-	-	590,314
<u>FUND BALANCES</u>				
Nonspendable	42,891	-	-	42,891
Restricted	-	994,482	99,842	1,094,324
Unassigned	36,069	-	-	36,069
Total Fund Balances	78,960	994,482	99,842	1,173,284
Total Liabilities, Deferred inflows of Resources and Fund Balances	\$ 984,859	\$ 996,989	\$ 230,146	\$ 2,211,994

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 POSITION
SEPTEMBER 30, 2013

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

Total Fund Balances - Governmental Funds	\$ 1,173,284
Capital Assets	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Cost of the assets	7,224,620
Accumulated depreciation	(2,750,764)
Net Pension Obligation	
Net pension assets are not financial resources and therefore are not reported in the funds	29,371
Revenues	
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.	55,688
Long-term Liabilities	
Long-term liabilities, including capital lease payable, are not due and payable in the current period and, therefore, are not reported in the funds.	
Capital lease payable	(214,914)
Compensated absences	(21,660)
Net Position of Governmental Activities	<u>\$ 5,495,625</u>

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, 2013

	General Fund	SPLOST 2009	Non-Major Governmental Funds	Total Governmental Funds
<u>Revenues:</u>				
Taxes				
Property tax	\$ 509,818	\$ -	\$ -	\$ 509,818
Sales tax	668,457	-	-	668,457
Other taxes	763,216	-	59,293	822,509
License and permits	4,363	-	-	4,363
Intergovernmental	254,719	805,107	367,458	1,427,284
Charges for Services	666	-	-	666
Fines & forfeitures	161,875	-	-	161,875
Interest earnings	899	5,778	486	7,163
Miscellaneous revenues	84,666	-	31,751	116,417
Total Revenues	2,448,679	810,885	458,988	3,718,552
<u>Expenditures:</u>				
Current:				
General government	459,662	-	23,717	483,379
Judicial	119,626	-	-	119,626
Public safety	1,648,498	-	705	1,649,203
Public works	484,924	-	37,298	522,222
Culture and recreation	175,182	-	28,744	203,926
Housing and development	309,088	-	-	309,088
Capital Outlay	-	519,247	435,253	954,500
Debt Service				
Principal	-	68,072	-	68,072
Interest	-	6,425	-	6,425
Total Expenditures	3,196,980	593,744	525,717	4,316,441
Excess (Deficiency) of Revenues Over (Under) Expenditures	(748,301)	217,141	(66,729)	(597,889)
<u>Other Financing Sources (Uses):</u>				
Transfers from other funds	782,540	-	67,793	850,333
Transfers to other funds	(67,793)	-	(35,576)	(103,369)
Total other financing sources (uses)	714,747	-	32,217	746,964
Net change in fund balances	(33,554)	217,141	(34,512)	149,075
Fund Balance, beginning of year	112,514	777,341	134,354	1,024,209
Fund Balance, end of year	\$ 78,960	\$ 994,482	\$ 99,842	\$ 1,173,284

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, 2013

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

Net change in fund balances - total governmental funds	\$ 149,075
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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	584,425
Total depreciation	(255,652)

Long-term Debt

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The following is a detail of the effect of these differences in the treatment of long-term debt and related items.

Principal payments	68,072
Compensated absences	2,276

Revenues

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

Unavailable revenues decreased by this amount during the year.	<u>(489,634)</u>
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Change in Net Position of Governmental Activities	<u>\$ 58,562</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		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes				
Property	\$ 568,100	\$ 568,100	\$ 509,818	\$ (58,282)
Sales	635,000	635,000	668,457	33,457
Franchise	369,000	369,000	344,067	(24,933)
Insurance premium	175,000	175,000	167,346	(7,654)
Occupational	46,000	46,000	53,310	7,310
Alcoholic beverage	115,000	115,000	90,323	(24,677)
Other	33,600	33,600	108,170	74,570
Licenses and permits	2,000	2,000	4,363	2,363
Intergovernmental	222,700	222,700	254,719	32,019
Charges for services	400	400	666	266
Fines and forfeitures	158,000	158,000	161,875	3,875
Investment earnings	5,000	5,000	899	(4,101)
Miscellaneous	53,000	53,000	84,666	31,666
Total Revenues	2,382,800	2,382,800	2,448,679	65,879
Expenditures:				
Current:				
General government				
Governing Body	83,280	83,280	70,224	13,056
City Manager	82,200	82,200	83,653	(1,453)
Financial Administration	356,410	336,410	298,285	38,125
Administrative	15,100	15,100	7,500	7,600
Judicial	99,620	121,620	119,626	1,994
Public safety	1,661,230	1,661,230	1,648,498	12,732
Public works	566,360	531,660	484,924	46,736
Culture and recreation	175,000	187,000	175,182	11,818
Housing and development	365,280	385,980	309,088	76,892
Total Expenditures	3,404,480	3,404,480	3,196,980	207,500
Excess of Revenue Over (Under) Expenditure	(1,021,680)	(1,021,680)	(748,301)	273,379
Other Financing Sources (Uses):				
Transfer from other funds	1,021,680	1,021,680	782,540	(239,140)
Transfer to other funds	-	-	(67,793)	(67,793)
Total Other Financing Sources (Uses)	1,021,680	1,021,680	714,747	(306,933)
Net change in fund balance	-	-	(33,554)	(33,554)
Fund balance, beginning of year	112,514	112,514	112,514	-
Fund balance, end of year	\$ 112,514	\$ 112,514	\$ 78,960	\$ (33,554)

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 POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2013

	Business-type Activities- Enterprise Funds		
	Water & Sewer Fund	Gas System	Total
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents	\$ 382	\$ 437	\$ 819
Certificates of deposit	7,829	622,959	630,788
Restricted cash	154,286	971,898	1,126,184
Restricted investments	529,856	-	529,856
Accounts receivable (net of allowance for uncollectible)	288,258	278,799	567,057
Due from other governments	52,968	-	52,968
Due from other funds	-	219,833	219,833
Prepaid expenses	22,116	7,200	29,316
Total current assets	1,055,695	2,101,126	3,156,821
Long-term assets:			
Investment-joint venture	-	1,789,964	1,789,964
Capital assets:			
Nondepreciable	476,781	326	477,107
Depreciable, net	10,693,248	1,020,053	11,713,301
Total capital assets, net	11,170,029	1,020,379	12,190,408
Total long-term assets	11,170,029	2,810,343	13,980,372
Total Assets	12,225,724	4,911,469	17,137,193
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	99,057	-	99,057

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

CITY OF GREENSBORO, GEORGIA

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 SEPTEMBER 30, 2013
 (CONTINUED)

	Business-type Activities- Enterprise Funds		
	Water & Sewer Fund	Gas System	Total
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	40,809	376,356	417,165
Customer deposits	18,714	11,901	30,615
Due to other funds	19,379	-	19,379
Compensated absences	6,584	116	6,700
Total current liabilities payable from unrestricted assets	85,486	388,373	473,859
Current liabilities payable from restricted assets:			
Notes payable - current	56,038	-	56,038
Revenue bonds payable - current	290,000	38,765	328,765
Total current liabilities payable from restricted assets	346,038	38,765	384,803
Total current liabilities	431,524	427,138	858,662
Long-term liabilities:			
Notes payable	997,016	-	997,016
Revenue bonds payable	1,582,052	1,559,196	3,141,248
Total long-term liabilities	2,579,068	1,559,196	4,138,264
Total Liabilities	3,010,592	1,986,334	4,996,926
<u>NET POSITION</u>			
Net investment in capital assets	8,244,923	1,020,379	9,265,302
Restricted for debt service	684,142	-	684,142
Restricted for capital outlay	-	971,898	971,898
Unrestricted	385,124	932,858	1,317,982
Total Net Position	\$ 9,314,189	\$ 2,925,135	\$ 12,239,324

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 NET POSITION
 PROPRIETARY FUNDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	Business-type Activities- Enterprise Funds		
	Water & Sewer Fund	Gas System	Total
<u>Operating revenues:</u>			
Charges and fees	\$ 1,872,757	\$ 4,036,739	\$ 5,909,496
Total operating revenues	1,872,757	4,036,739	5,909,496
<u>Operating expenses:</u>			
Salaries and benefits	614,451	93,320	707,771
Contract management	10,150	166	10,316
Cost of sales	-	3,044,808	3,044,808
Legal and professional	69,955	23,697	93,652
Operating materials	147,656	81,427	229,083
Other operating expenses	67,923	235,169	303,092
Repairs and maintenance	104,117	47,295	151,412
Small equipment	6,740	3,475	10,215
Utilities	239,782	24,452	264,234
Depreciation	423,164	46,190	469,354
Total operating expenses	1,683,938	3,599,999	5,283,937
Operating income (loss)	188,819	436,740	625,559
<u>Nonoperating revenues (expenses):</u>			
Interest income	686	1,588	2,274
Investment income-joint venture	-	754,981	754,981
Intergovernmental revenue	-	22,760	22,760
Intergovernmental expense	-	(676,341)	(676,341)
Bond issuance costs	-	(92,927)	(92,927)
Interest expense	(141,657)	(22,760)	(164,417)
Total nonoperating revenues (expenses)	(140,971)	(12,699)	(153,670)
Income (loss) before contributions and transfers	47,848	424,041	471,889

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 NET POSITION
 PROPRIETARY FUNDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013
 (CONTINUED)

	Business-type Activities- Enterprise Funds		
	Water & Sewer Fund	Gas System	Total
Capital contributions	141,295	-	141,295
Transfers out	(139,908)	(607,056)	(746,964)
Change in net position	49,235	(183,015)	(133,780)
Net Position - Beginning of Year, Restated	9,264,954	3,108,150	12,373,104
Net Position - End of Year	<u>\$ 9,314,189</u>	<u>\$ 2,925,135</u>	<u>\$ 12,239,324</u>

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, 2013

	Business-type Activities- Enterprise Funds		
	Water & Sewer Fund	Gas System	Total
<u>Cash Flows from Operating Activities:</u>			
Cash received from customers	\$ 1,806,185	\$ 4,018,669	\$ 5,824,854
Cash paid to suppliers for goods and services	(654,157)	(3,309,049)	(3,963,206)
Cash paid to employees	(621,156)	(94,265)	(715,421)
Net Cash Flows Provided by (Used for) Operating Activities	530,872	615,355	1,146,227
<u>Cash Flows from Noncapital Financing Activities:</u>			
Transfers	(139,908)	(607,056)	(746,964)
Net Cash Flows Provided by (Used for) Noncapital Financing Activities	(139,908)	(607,056)	(746,964)
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Capital contributions	141,295	-	141,295
Principal payments on revenue bonds and notes	(333,822)	-	(333,822)
Interest and fiscal charges on revenue bonds and notes	(141,657)	-	(141,657)
Proceeds from bond issuance	-	1,597,961	1,597,961
Bond issuance costs	-	(92,927)	(92,927)
Intergovernmental expense	-	(676,341)	(676,341)
Intergovernmental revenue	-	22,760	22,760
Interest paid on debt	-	(22,760)	(22,760)
Purchases of capital assets	(47,811)	(65,462)	(113,273)
Net Cash Flows Provided by (Used for) Capital and Related Financing Activities	(381,995)	763,231	381,236
<u>Cash Flows from Investing Activities:</u>			
Interest income	2,925	200,368	203,293
Net Cash Flows Provided by (Used for) Investing Activities	2,925	200,368	203,293
Net Increase (Decrease) in Cash and Cash Equivalents	11,894	971,898	983,792
Cash and Cash Equivalents, Beginning of Year	142,774	437	143,211
Cash and Cash Equivalents, End of Year	\$ 154,668	\$ 972,335	\$ 1,127,003

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, 2013
 (CONTINUED)

	Business-type Activities- Enterprise Funds		
	Water & Sewer Fund	Gas System	Total
Classified as:			
Current assets	\$ 382	\$ 437	\$ 819
Restricted assets	154,286	971,898	1,126,184
Total Cash and Cash Equivalents, End of Year	\$ 154,668	\$ 972,335	\$ 1,127,003
Reconciliation of Net Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities			
Net Operating Income (Loss)	\$ 188,819	\$ 436,740	\$ 625,559
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Depreciation and amortization	423,164	46,190	469,354
Changes in Assets and Liabilities:			
(Increase) decrease in accounts receivable	(37,650)	3,031	(34,619)
(Increase) decrease in due from other governments	(52,968)	-	(52,968)
(Increase) decrease in due from other funds	24,096	(20,826)	3,270
(Increase) decrease in due from inventory	15,338	-	15,338
(Increase) decrease in prepaid expenses	(69)	2,020	1,951
Increase (decrease) in accounts payable	(42,482)	149,420	106,938
Increase (decrease) in accrued liabilities	(6,705)	(945)	(7,650)
Increase (decrease) in customer deposits	(50)	(275)	(325)
Increase (decrease) in due to other funds	19,379	-	19,379
Total Adjustments	342,053	178,615	520,668
Net Cash Provided by (Used for) Operating Activities	\$ 530,872	\$ 615,355	\$ 1,146,227

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, 2013

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, 2013
(CONTINUED)

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (Statement of Net Position and Statement of Activities) 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.

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 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.

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(CONTINUED)

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 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.

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(CONTINUED)

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.

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."

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(CONTINUED)

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 \$125,146. Of this amount, none was applicable to construction of capital assets.

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

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(CONTINUED)

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. Deferred Inflows / Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period or periods and so will not be recognized as an outflow of resources (expense / expenditures) until then. The government has only one type of item that qualified for reporting in this category. The enterprise funds report deferred charges on refunding.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The government also reports all unearned property tax revenues which are levied in September but are for the next fiscal year.

K. 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 are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(CONTINUED)

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.

L. 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, 2013:

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(CONTINUED)

	General Fund	2009 SPLOST	Nonmajor Governmental	Total
Fund Balances				
Nonspendable:				
Prepays	\$ 42,891	\$ -	\$ -	\$ 42,891
Restricted for:				
Cemetery Maintenance	-	-	98,563	98,563
Public safety	-	-	1,214	1,214
Capital outlay	-	994,482	65	994,547
Unassigned	36,069	-	-	36,069
Total fund balances	\$ 78,960	\$ 994,482	\$ 99,842	\$ 1,173,284

M. 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.

N. Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

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

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(CONTINUED)

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.

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. Excess of Expenditures Over Appropriations

The General Fund had expenditures in excess of appropriations for the following departments:

City Manager	\$ 1,453
Transfers to other funds	67,793

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

Hotel/Motel Tax	\$ 5,717
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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, 2013 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.

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(CONTINUED)

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, 2013, the City's only investments were in certificates of deposit.

At September 30, 2013, the City's investment in certificates of deposit was as follows:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Certificates of Deposit – Nonmajor Governmental Fund	12 months	\$ 78,275
Certificates of Deposit – Water & Sewer Fund	8 months	7,829
Certificates of Deposit – Water & Sewer Fund	30 days	118,227
Certificates of Deposit – Water & Sewer Fund	6 months	252,741
Certificates of Deposit – Water & Sewer Fund	6 months	121,860
Certificates of Deposit – Water & Sewer Fund	6 months	37,028
Certificates of Deposit – Gas System Fund	8 months	41,485
Certificates of Deposit – Gas System Fund	6 months	581,475
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, 2013.

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.

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(CONTINUED)

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

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

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

The property tax calendar is as follows:

	Real/Personal Property (Excluding Vehicles)	Motor Vehicles
Assessment Date	January 1	January 1
Levy Date	October 2	January 1
Due Date and Collection Date	December 2	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. The 2013 tax digest receivable and amounts collected at year-end are reported as deferred inflows of resources – unearned revenues on the government-wide statement of net position and the Governmental Fund statements since this digest was approved to finance the 2014 budget.

NOTE 5 – HOTEL/MOTEL EXCISE TAX

A summary of the hotel/motel excise tax expenditures and receipts for the year ended September 30, 2013, is as follows:

<u>Expenditures By Purpose</u>	<u>Amount</u>	<u>Tax Receipts</u>	<u>Percentage</u>
Promote tourism	\$ 23,717	\$ 59,293	40%
General Fund	<u>35,576</u>	<u>-</u>	<u>60%</u>
Total	<u>\$ 59,293</u>	<u>\$ 59,293</u>	<u>100%</u>

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(CONTINUED)

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	\$ 655,904	\$ -	\$ -	\$ -	\$ -	\$ 655,904
Accounts	28,791	-	706,855	377,989	6,206	1,119,841
Intergovernmental	63,915	134,014	-	-	115,709	313,638
Gross Receivables	748,610	134,014	706,855	377,989	121,915	2,089,383
Less: allowance for uncollectibles	(65,590)	-	(418,597)	(99,190)	-	(583,377)
Total net receivables	\$ 683,020	\$ 134,014	\$ 288,258	\$ 278,799	\$ 121,915	\$ 1,506,006

NOTE 7 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of September 30, 2013, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Gas System Fund	General Fund	219,833
General Fund	Nonmajor Governmental Fund	107,996
General Fund	Water & Sewer Fund	19,379
SPLOST 2009 Fund	General Fund	300
Nonmajor Governmental	General Fund	8,387
Total		<u>\$ 512,655</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.

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

(CONTINUED)

Interfund transfers:

	Transfer In:		
	General Fund	Nonmajor Governmental	Total
Transfer Out:			
Gas System Fund	\$ 607,056	\$ -	\$ 607,056
Water & Sewer Fund	139,908	-	139,908
Nonmajor Governmental Funds	35,576	-	35,576
General Fund	-	67,793	67,793
Total	\$ 782,540	\$ 67,793	\$ 850,333

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, 2013
(CONTINUED)

NOTE 8 – CAPITAL ASSETS

	Beginning Balance	Increase	Decrease	Transfers/ Reclassifications	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 1,130,457	\$ 61,386	\$ -	\$ -	\$ 1,191,843
Construction in progress	226,353	473,855	-	(24,207)	676,001
Total capital assets, not being depreciated	1,356,810	535,241	-	(24,207)	1,867,844
Capital assets, being depreciated					
Buildings	1,261,634	-	-	-	1,261,634
Machinery & equipment	1,076,660	28,289	-	-	1,104,949
Furniture & fixtures	12,165	-	-	-	12,165
Vehicles	1,543,986	20,895	-	-	1,564,881
Infrastructure	1,388,940	-	-	24,207	1,413,147
Total capital assets, being depreciated	5,283,385	49,184	-	24,207	5,356,776
Less accumulated depreciation for:					
Buildings	(281,325)	(27,055)	-	-	(308,380)
Machinery & equipment	(865,828)	(56,849)	-	-	(922,677)
Furniture & fixtures	(8,207)	(894)	-	-	(9,101)
Vehicles	(1,050,201)	(94,631)	-	-	(1,144,832)
Infrastructure	(289,551)	(76,223)	-	-	(365,774)
Total accumulated depreciation	(2,495,112)	(255,652)	-	-	(2,750,764)
Total capital assets, being depreciated, net	2,788,273	(206,468)	-	24,207	2,606,012
Governmental activities capital assets, net	\$ 4,145,083	\$ 328,773	\$ -	\$ -	4,473,856
				Less related long-term debt outstanding	(214,914)
				Net investment in capital assets	\$ 4,258,942

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(CONTINUED)

	Beginning Balance	Increase	Decrease	Transfers/ Reclassifications	Ending Balance
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 394,874	\$ -	\$ -	\$ -	\$ 394,874
Construction in progress	406,531	12,410	-	(336,708)	82,233
Total capital assets, not being depreciated	801,405	12,410	-	(336,708)	477,107
Capital assets, being depreciated:					
Buildings and improvements	12,689,457	-	-	336,708	13,026,165
Infrastructure	4,954,271	57,937	-	-	5,012,208
Equipment	1,577,347	35,463	-	-	1,612,810
Vehicles	154,851	23,973	-	-	178,824
Total capital assets being depreciated	19,375,926	117,373	-	336,708	19,830,007
Less accumulated depreciation for:					
Buildings and improvements	(3,129,046)	(257,249)	-	-	(3,386,295)
Infrastructure	(3,492,839)	(99,275)	-	-	(3,592,114)
Equipment	(870,616)	(110,903)	-	-	(981,519)
Vehicles	(154,851)	(1,927)	-	-	(156,778)
Total accumulated depreciation	(7,647,352)	(469,354)	-	-	(8,116,706)
Total capital assets, being depreciated, net	11,728,574	(351,981)	-	336,708	11,713,301
Business-type activities capital assets, net	\$ 12,529,979	\$ (339,571)	\$ -	\$ -	\$ 12,190,408
Less related long-term debt outstanding *					(2,925,106)
Net investment in capital assets					\$ 9,265,302

* - The capital assets associated with the Series 2013 Bonds in the Gas System are reported as a part of Tri-County Natural Gas System, a joint venture of the City, and therefore the Series 2013 bonds payable of \$1,597,961 is not included in the related long-term debt outstanding for the calculation of the net investment in capital assets.

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(CONTINUED)

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

Governmental activities:

General government	\$	4,099
Public safety		108,927
Public works		133,072
Culture and recreation		9,554

Total depreciation expense - governmental activities	\$	255,652
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Business-type activities:

Water and sewer	\$	423,164
Gas system		46,190

Total depreciation expense - business-type activities	\$	469,354
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<u>Component Unit Activities:</u>	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>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	(83,417)	(13,000)	-	(96,417)
Building Improvements	(90,003)	(30,001)	-	(120,004)
Equipment	(2,076)	(1,038)	-	(3,114)
Total accumulated depreciation	(175,496)	(44,039)	-	(219,535)
Total capital assets being depreciated, net	1,984,927	(44,039)	-	1,940,888
Component Unit capital assets, net	\$ 2,034,927	\$ (44,039)	\$ -	\$ 1,990,888

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

Component Unit	
Better Hometown	\$ 44,039
Total depreciation expense-component unit	\$ 44,039

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(CONTINUED)

NOTE 9 – LONG-TERM DEBT

Changes in long-term liabilities

Long-term liability activity for the year ended September 30, 2013, was as follows:

	Restated Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences	\$ 23,936	\$ 43,905	\$ (46,181)	\$ 21,660	\$ 21,660
Capital lease payable	282,986	-	(68,072)	214,914	69,828
Governmental activity long-term liabilities	<u>\$ 306,922</u>	<u>\$ 43,905</u>	<u>\$ (114,253)</u>	<u>\$ 236,574</u>	<u>\$ 91,488</u>
Business-type activities:					
Compensated absences	\$ 8,309	\$ 15,344	\$ (16,953)	\$ 6,700	\$ 6,700
Notes payable	1,106,878	-	(53,824)	1,053,054	56,038
Revenue bonds payable	2,152,052	1,635,000	(280,000)	3,507,052	330,000
Deferred amounts:					
Less: Bond discount	-	(37,039)	-	(37,039)	(1,235)
Business-type activity long-term liabilities	<u>\$ 3,267,239</u>	<u>\$ 1,613,305</u>	<u>\$ (350,777)</u>	<u>\$ 4,529,767</u>	<u>\$ 391,503</u>
Component Unit:					
<u>Downtown Development Authority:</u>					
Notes payable	\$ 236,165	\$ -	\$ (55,118)	\$ 181,047	\$ -
Component Unit long-term liabilities	<u>\$ 236,165</u>	<u>\$ -</u>	<u>\$ (55,118)</u>	<u>\$ 181,047</u>	<u>\$ -</u>

For the governmental activities, compensated absences are generally liquidated by the general fund. For the business-type activities, long-term liabilities are liquidated by the Water and Sewer Fund and Gas System Fund.

Defeased Debt

In prior years, the City defeased certain revenue bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds until the bonds are called on October 1, 1998. Accordingly, trust account assets and the liability for the defeased bonds are not included in the City's financial statements. On September 30, 2013, \$155,000 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.

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(CONTINUED)

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), 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, 2013.

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(CONTINUED)

Sinking Fund Year	Principal	Interest
2014	\$ 290,000	\$ 77,268
2015	300,000	66,552
2016	315,000	55,460
2017	325,000	43,898
2018	335,000	31,866
2019-2020	307,052	26,038
Total	<u>\$ 1,872,052</u>	<u>\$ 301,082</u>

Combined Utility Revenue Refunding and Improvement Bonds, Series 2013 – The City issued bonds in the original amount of \$1,635,000 bearing interest at a rate of 4.25%. Interest on the Series 2013 Bonds is payable on January 1 and July 1 of each year. Principal payments are due each January 1 through 2043 with principal payments of amounts ranging from \$40,000 to \$90,000. The purpose of the Series 2013 bonds was to (i) to finance the cost of additions, extensions and improvements to the gas portions of the System, (ii) to fund in part a reasonably required debt service reserve and (iii) 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.

Sinking Fund Year	Principal	Interest
2014	\$ 40,000	\$ 58,975
2015	35,000	58,225
2016	35,000	57,525
2017	35,000	56,825
2018	35,000	56,125
2019-2023	200,000	265,675
2024-2028	235,000	231,554
2029-2033	275,000	184,520
2034-2038	335,000	123,116
2039-2043	410,000	45,051
Total	<u>\$ 1,635,000</u>	<u>\$ 553,350</u>

Notes Payable

Project 2004-L15-WJ – The Water & Sewer Fund is obligated under a 20-year term note to the Georgia Environmental Facilities Authority. As of September 30, 2007, drawdowns from the loan totaled \$1,327,616. The total amount of the loan is \$1,327,616. The payments on this loan are to be made monthly in the amount of \$8,129 at an interest rate of 4.04%. The payments began in March 2008 and will continue until final payment in February 2028. The purpose of the note is to finance improvements to the Water & Sewer System.

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(CONTINUED)

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

<u>Years Ending September 30</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 56,038	\$ 41,513
2015	58,344	39,207
2016	60,743	36,806
2017	63,246	34,306
2018	65,849	31,703
2019-2023	372,196	115,561
2024-2028	376,638	33,529
Total	<u>\$ 1,053,054</u>	<u>\$ 332,625</u>

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 FY 2013, the last payment on this intergovernmental agreement was made by Tri-County Natural Gas.

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>
2014	\$ 69,828	\$ 4,668
2015	71,629	2,867
2016	<u>73,457</u>	<u>1,019</u>
Total	<u>\$ 214,914</u>	<u>\$ 8,554</u>

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(CONTINUED)

The assets acquired through capital leases are as follows:

Asset:	<u>Governmental Activities</u>
Vehicles	\$ 349,366
Less: Accumulated depreciation	<u>(91,844)</u>
Total	<u>\$ 257,522</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, 2013 was \$181,047.

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 \$97,629 was equal to the City's required contributions. The required contribution was determined as part of the January 1, 2013 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

CITY OF GREENSBORO, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(CONTINUED)

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	19
Terminated plan members entitled to, but not Receiving benefits	21
Active plan members	<u>48</u>
Total	<u>88</u>

Trend Information

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

Fiscal Year	Annual Pension Cost	Percentage Contributed	Net Pension Obligation/(Asset)
2013	\$ 97,629	100%	\$ (29,371)
2012	106,504	100%	(29,371)
2011	99,354	100%	(29,371)

Derivation of Annual Pension Cost

Annual required contribution	\$ 91,619
Interest on Net Pension Obligation	(14,249)
Amortization of Net Pension Obligation	<u>20,259</u>
Annual Pension Cost	<u>\$ 97,629</u>

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(CONTINUED)

Derivation of Net Pension Obligation

Annual Pension Cost for Current Year	\$	97,629
Actual Contributions to Plan for Current Year		<u>97,629</u>
Increase in Net Pension Obligation/(Asset)		-
Net Pension Obligation/(Asset) at September 30, 2012		<u>(29,371)</u>
Net Pension Obligation/(Asset) at September 30, 2013	\$	<u>(29,371)</u>

Funded Status and Funding Progress

The funded status of the plan as of January 1, 2013, 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)
1/1/13	\$2,548,044	\$2,388,191	(\$159,853)	106.69%	\$1,432,331	-11.16%

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, 2013.

NOTE 11 – RISK MANAGEMENT

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

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

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(CONTINUED)

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

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

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

NOTE 12 – 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 13 – 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.

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(CONTINUED)

Northeast Georgia Regional Commission

Under Georgia law, the City, in conjunction with other cities and counties in the 12 county Northeast Georgia area is a member of the Northeast Georgia Regional Commission (the "RC") and is required to pay annual dues thereto. Membership in an RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RC in Georgia. The RC Council membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC. Separate financial statements may be obtained from the RC's administrative office at 305 Research Drive, Athens, Georgia 30610.

Greene County Development Authority

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

On April 6, 2004, the Authority and the City of Greensboro, Georgia entered into an intergovernmental agreement with Greene County, Georgia, the City of Union Point, Georgia, the City of 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 14 – 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, 2013
(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, 2013, 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, 2013, the Chamber reimbursed the City \$84,679 for salaries and employee benefits.

NOTE 15 – 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	\$ 1,034,983
Greensboro's share of net income	<u>754,981</u>
Investment, September 30	<u>\$ 1,789,964</u>

CITY OF GREENSBORO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013
(CONTINUED)

NOTE 16 – CONCENTRATION OF RISK – MAJOR CUSTOMER

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

	<u>Gas Revenue</u>	<u>Gas Receivables</u>
Total Gas System	\$ 4,036,739	\$ 377,989
Novelis	3,031,565	214,252
Percent of Total	75%	57%

NOTE 17 – RESTATEMENT FOR NEW ACCOUNTING STANDARD

During 2013, the City adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

GASB No. 65 required that bond issuance costs be written off as of October 1, 2012. The effect of this adjustment is as follows:

	<u>Business-Type Activities</u>	<u>Water and Sewer Fund</u>
Net position October 1, 2012, as previously reported	\$ 12,437,378	\$ 9,329,228
Implementation of GASB 65 for bond Issuance costs	<u>(64,274)</u>	<u>(64,274)</u>
Net position October 1, 2012, restated	<u>\$ 12,373,104</u>	<u>\$ 9,264,954</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF GREENSBORO, GEORGIA

SCHEDULE OF PENSION FUNDING PROGRESS
 REQUIRED SUPPLEMENTARY INFORMATION
 SEPTEMBER 30, 2013
 UNAUDITED

Actuarial Valuation Date January 1,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Annual Covered Payroll (c)	UAAL as a percentage of covered payroll (b - a) / c
2013	\$ 2,548,044	\$2,388,191	\$ (159,853)	106.69%	\$ 1,432,331	-11.16%
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%

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.

WATER IMPROVEMENTS CDBG FUND - to account for the CDBG grant monies received to be used for water 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, 2013

	Special Revenue Funds			Capital Project Funds				Permanent Fund	Total
	Confiscated Assets	Hotel Motel Tax	Reynolds St. CDBG	CDBG		TEA Grant Streetscape	Cemetery Trust	Nonmajor Governmental Funds	
				Water Improvements					
Cash and cash equivalent	\$ 1,214	\$ -	\$ 2	\$ -	\$ 65	\$ 20,288	\$ 21,569		
Certificates of deposit	-	-	-	-	-	78,275	78,275		
Accounts receivable	-	6,206	-	-	-	-	6,206		
Intergovernmental receivable	-	-	114,209	1,500	-	-	115,709		
Due from other funds	-	8,387	-	-	-	-	8,387		
Total Assets	\$ 1,214	\$ 14,593	\$ 114,211	\$ 1,500	\$ 65	\$ 98,563	\$ 230,146		

LIABILITIES AND FUND BALANCES

Liabilities:											
Accounts payable	\$ -	\$ 14,593	\$ 6,215	\$ 1,500	\$ -	\$ -	\$ 22,308				
Due to other funds	-	-	107,996	-	-	-	107,996				
Total Liabilities	-	14,593	114,211	1,500	-	-	130,304				
Fund Balances:											
Restricted	1,214	-	-	-	65	98,563	99,842				
Total Fund Balances	1,214	-	-	-	65	98,563	99,842				
Total Liabilities and Fund Balances	\$ 1,214	\$ 14,593	\$ 114,211	\$ 1,500	\$ 65	\$ 98,563	\$ 230,146				

CITY OF GREENSBORO, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	Special Revenue Funds				Capital Project Funds				Permanent Fund		Total Nonmajor Governmental Funds
	Confiscated Assets	Hotel Motel Tax	Reynolds St. CDBG	Water Improvements	TEA Grant Streetscape				Cemetery Trust		
<u>Revenues:</u>											
Taxes	\$ -	\$ 59,293	\$ -	\$ -	\$ -				\$ -	\$ -	\$ 59,293
Intergovernmental	-	-	365,958	1,500	-				-	-	367,458
Interest earnings	-	-	2	-	12				472	486	
Other revenues	-	-	-	-	-				31,751	31,751	
Total Revenues	-	59,293	365,960	1,500	12				32,223		458,988
<u>Expenditures:</u>											
Current:											
General government	-	23,717	-	-	-				-	-	23,717
Public safety	705	-	-	-	-				-	-	705
Public works	-	-	-	-	37,298				-	-	37,298
Culture and recreation	-	-	-	-	-				28,744	28,744	
Capital outlay	-	-	409,704	25,549	-				-	-	435,253
Total Expenditures	705	23,717	409,704	25,549	37,298				28,744		525,717
Excess (Deficiency) of Revenues Over (Under) Expenditures	(705)	35,576	(43,744)	(24,049)	(37,286)				3,479		(66,729)
<u>Other Financing Sources (Uses):</u>											
Transfers from other funds	-	-	43,744	24,049	-				-	-	67,793
Transfers to other funds	-	(35,576)	-	-	-				-	-	(35,576)
Total other financing sources (uses)	-	(35,576)	43,744	24,049	-				-	-	32,217
Net change in fund balances	(705)	-	-	-	(37,286)				3,479		(34,512)
Fund Balance, beginning of year	1,919	-	-	-	37,351				95,084		134,354
Fund Balance, end of year	\$ 1,214	\$ -	\$ -	\$ -	\$ 65				\$ 98,563	\$ -	\$ 99,842

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, 2013

	Final Budget	Actual	Variance with Budget
<u>Revenues:</u>			
Forfeitures	\$ 3,000	\$ -	\$ (3,000)
Total Revenues	3,000	-	(3,000)
<u>Expenditures:</u>			
Current:			
Public Safety	3,000	705	2,295
Total Expenditures	3,000	705	2,295
Net change in fund balances	-	(705)	(705)
Fund balance - beginning of year	1,919	1,919	-
Fund balance - end of year	\$ 1,919	\$ 1,214	\$ (705)

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, 2013

	Final Budget	Actual	Variance with Budget
<u>Revenues:</u>			
Taxes	\$ 45,000	\$ 59,293	\$ 14,293
Total Revenues	45,000	59,293	14,293
<u>Expenditures:</u>			
Current:			
General Government	18,000	23,717	(5,717)
Total Expenditures	18,000	23,717	(5,717)
Excess of Revenues Over (Under) Expenditures	27,000	35,576	8,576
<u>Other Financing Sources (Uses):</u>			
Transfer to General Fund	(27,000)	(35,576)	(8,576)
Total Other Financing Sources (Uses)	(27,000)	(35,576)	(8,576)
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, 2013

	Prior Years	Current Year	Total to Date	Project Authorization
<u>Revenues:</u>				
Department of Community Affairs	\$ -	\$ 365,958	\$ 365,958	\$ 482,475
Interest income	-	2	2	-
Total Revenues	-	365,960	365,960	482,475
<u>Expenditures:</u>				
P-001-01 Acquisition of Property	-	23,413	23,413	20,000
T-03J-00 Engineering-Water/Sewer Improvements	-	46,926	46,926	9,500
P-03J-01 Water Facilities	-	331,771	331,771	87,514
T-03K-00 Engineering-Street Improvements	-	1,093	1,093	35,000
P-03K-02 Flood and Drainage Facilities	-	-	-	330,461
A-21A-00 Administration	36,064	6,501	42,565	-
Total Expenditures	36,064	409,704	445,768	482,475
Excess of Revenues Over (Under) Expenditures	(36,064)	(43,744)	(79,808)	-
<u>Other Financing Sources (Uses):</u>				
Transfer from General Fund	36,064	43,744	79,808	-
Total Other Financing Sources (Uses)	36,064	43,744	79,808	-
Net change in fund balances	-	-	-	-
Fund Balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ -	\$ -

CITY OF GREENSBORO, GEORGIA

COMMUNITY DEVELOPMENT BLOCK GRANT

#13p-x-066-2-5552

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES-BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Prior Years	Current Year	Total to Date	Project Authorization
<u>Revenues:</u>				
Department of Community Affairs	\$ -	\$ 1,500	\$ 1,500	\$ 500,000
Total Revenues	-	1,500	1,500	500,000
<u>Expenditures:</u>				
C-022-00 Contingencies-Unprogrammed Funds	-	622	622	26,622
T-03J-00 Engineering-Water/Sewer Improvements	-	18,627	18,627	11,432
P-03J-01 Water Facilities	-	-	-	431,946
A-21A-00 Administration	-	6,300	6,300	30,000
Total Expenditures	-	25,549	25,549	500,000
Excess of Revenues Over (Under) Expenditures	-	(24,049)	(24,049)	-
<u>Other Financing Sources (Uses):</u>				
Transfer from General Fund	-	24,049	24,049	-
Total Other Financing Sources (Uses)	-	24,049	24,049	-
Net change in fund balances	-	-	-	-
Fund Balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ -	\$ -

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GOVERNMENTAL REPORTS

CITY OF GREENSBORO, GEORGIA

SCHEDULE OF PROJECTS CONSTRUCTED
WITH SPECIAL SALES TAX PROCEEDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	Original Estimated Cost	Expenditures		
		Prior Year(s)	Current Year	Total
<u>2009 Referendum</u>				
Roads, Streets, Bridges and Sidewalks	\$ 4,311,791	\$ 682,981	\$ 281,763	\$ 964,744
* Public Safety Facilities and Equipment	900,000	446,776	130,507	577,283
Water, Sewer and Stormwater Facilities and Equipment	1,000,000	585,870	181,474	767,344
Administrative Facilities and Equipment	250,000	-	-	-
Cultural Facilities and Equipment	500,000	404,243	-	404,243
Total 2009 Referendum	6,961,791	2,119,870	593,744	2,713,614

* Note 1 > The Public Safety Facilities and Equipment expenditures for FY 2013 included the following items:

Capital Outlay	56,010
Debt Service - Principal	68,072
Debt Service - Interest	6,425
Total Expenditures	130,507

The debt service payments are for the fire truck purchased by the City during FY 2011 using proceeds from a capital lease. The capital lease was recorded in the City's General Fund in 2011. The lease payments from the SPLOST proceeds began in FY 2012.

CITY OF GREENSBORO, GEORGIA

BALANCE SHEET
COMPONENT UNIT-BETTER HOMETOWN
SEPTEMBER 30, 2013

ASSETS

Cash and cash equivalent	\$	17,416
Total Assets	\$	17,416

LIABILITIES AND FUND BALANCES

Liabilities:

Accounts payable	\$	2,218
Total Liabilities		2,218

Fund Balances:

Unassigned		15,198
Total Fund Balance		15,198
Total Liabilities and Fund Balance	\$	17,416

CITY OF GREENSBORO, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 COMPONENT UNIT-BETTER HOMETOWN
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

<u>Revenues:</u>	
Contributions	\$ 15,915
Intergovernmental	51,535
Interest earnings	14
	<hr/>
Total Revenues	67,464
	<hr/>
<u>Expenditures:</u>	
Current:	
Professional services	19,283
Rental	14,330
Supplies	13,643
Travel	3,111
Other	32,796
	<hr/>
Total Expenditures	83,163
	<hr/>
Net change in fund balances	(15,699)
	<hr/>
Fund Balance, beginning of year	30,897
	<hr/>
Fund Balance, end of year	\$ 15,198
	<hr/>

CITY OF GREENSBORO, GEORGIA

BALANCE SHEET
COMPONENT UNIT-DOWNTOWN DEVELOPMENT AUTHORITY
SEPTEMBER 30, 2013

ASSETS

Cash and cash equivalent	\$ 56,704
Total Assets	<u>\$ 56,704</u>

LIABILITIES AND FUND BALANCES

Liabilities:

Accounts payable	\$ 350
Total Liabilities	<u>350</u>

Fund Balances:

Unassigned	<u>56,354</u>
Total Fund Balance	<u>56,354</u>
Total Liabilities and Fund Balance	<u>\$ 56,704</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, 2013

<u>Revenues:</u>	
Contributions	\$ 65,562
Intergovernmental	6,879
Interest earnings	6
	<hr/>
Total Revenues	72,447
	<hr/>
<u>Expenditures:</u>	
Current:	
Professional services	500
Printing	458
Other	3,471
Debt Service	
Principal	55,118
Interest	6,051
	<hr/>
Total Expenditures	65,598
	<hr/>
Net change in fund balances	6,849
Fund Balance, beginning of year	49,505
	<hr/>
Fund Balance, end of year	\$ 56,354
	<hr/>



**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, 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, 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 year ended September 30, 2013 and the related notes to the financial statements, which collectively comprise City of Greensboro, Georgia's basic financial statements, and have issued our report thereon dated April 4, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Greensboro, Georgia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Greensboro's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Greensboro, Georgia's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purposes described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal

control, described in the accompanying schedule of findings and responses, that we consider to be material weaknesses. (2013-001, 2013-002, 2013-003, 2013-004, and 2013-005)

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*.

City of Greensboro, Georgia's Response to Findings

The City of Greensboro, Georgia's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Greensboro, Georgia's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Macon, Georgia
April 4, 2014



CITY OF GREENSBORO, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2013

Financial Statement Findings

Findings noted on the "Report of Compliance and on Internal Controls of Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Governmental Auditing Standards":

2013-001 Bank Accounts

CRITERIA

All bank account activity should be recorded into the general ledger system.

CONDITION

The City did not record all of the 2013 activity for the bond issuance account in the Gas Fund. Also, monthly bank reconciliations were not being performed on this account during the year.

CONTEXT

Bank reconciliations were not performed on a timely basis for 2013 on this bank account. An audit adjustment of \$210,302 was required to correct the ending cash balance.

EFFECT

The City produced financial reports which were incomplete and contained material errors. The failure to reconcile bank accounts on a timely basis resulted in incomplete or inaccurate recording of transactions in the City's financial records for 2013.

CAUSE

The City did not have adequate accounting procedures in place to insure the activity of this account was being recorded and that the account was being reconciled.

RECOMMENDATION

We recommend that City develop procedures to capture and summarize transactions and facilitate general ledger entries related to this bank account. We also recommend that the bank accounts be reconciled on a timely basis each month.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

The City agrees with the finding and has implemented a policy going forward, to capture and summarize transactions and facilitate general ledger entries on a more timely basis each month.

CITY OF GREENSBORO, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013
(CONTINUED)

2013-002 Joint Venture Accounting

CRITERIA

Accounting procedures should be designed to insure that revenue is accrued and recognized when it becomes both measurable and available to finance expenditures of the fiscal period.

CONDITION

The City did not record the City's share in the earning of the City's joint venture with Tri-County Natural Gas.

CONTEXT

A material audit adjustment of \$754,981 was required to correct the investment revenue – joint venture for the fiscal year ended September 30, 2013.

EFFECT

The City's accounting records contained material errors which were identified and adjusting during the annual audit process.

CAUSE

The City did not have adequate accounting procedures in place to insure the recording of the City's share of the Tri-County earnings.

RECOMMENDATION

We recommend that City develop procedures to capture the earnings of Tri-County when they become measurable and available to finance expenditures of the fiscal period.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

The City agrees with the finding and has implemented a policy to capture earnings of Tri-County when they become measurable and available, in order to finance expenditures of the fiscal period.

CITY OF GREENSBORO, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013
(CONTINUED)

2013-003 Hotel/Motel Taxes

CRITERIA

The City has levied a hotel/motel tax of 5% on hotels, motels, inns within the City limits for promotion of tourism, conventions and trade shows. The City has entered into an agreement to provide 3% of this tax to the Greene City Chamber of Commerce to promote tourism within the City with the City retaining the remaining 2% of the taxes imposed.

CONDITION

The City did not properly calculate the payout of the hotel/motel taxes received during the year taxes to the Chamber of Commerce.

CONTEXT

An audit adjustment of \$5,970 was required to record additional hotel/motel taxes due to the Chamber of Commerce for the fiscal year ended September 30, 2013.

EFFECT

The City's accounting records contained errors which were identified and adjusting during the annual audit process.

CAUSE

The City did not have adequate accounting procedures in place to insure that the calculation of the payout of the hotel/motel taxes was complete and accurate.

RECOMMENDATION

We recommend that City develop procedures to insure that the worksheet being used to calculate the payout of the hotel/motel taxes is updated and that all calculations are correct.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

The City agrees with the finding and has updated the worksheet used to calculate the hotel/motel payouts, and all calculations are accurate.

CITY OF GREENSBORO, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013
(CONTINUED)

2013-004 General Ledger Maintenance

CRITERIA

Timely and accurate financial reports are essential in order to perform analysis of the financial condition of the City, review data for accuracy and completeness, monitor compliance with budget appropriations, and to prepare annual financial statements.

CONDITION

During fiscal year 2013, the City did not properly record and reconcile the due to/from account balances. Also, some interfund activity with the City's CDBG grant funds was not recorded.

CONTEXT

Material audit adjustments of \$43,744 and \$24,049 to record transfers from the General Fund to the Reynolds St. CDBG and CDBG Water Improvements funds, respectively, as of September 30, 2013.

EFFECT

The City's initial accounting records contained material errors which were identified and adjusting during the annual audit process.

CAUSE

The City lacked adequate accounting procedures to monitor and reconcile interfund account activity.

RECOMMENDATION

We recommend that City establish procedures to record all transactions in a timely manner into the general ledger and that monthly reports be prepared and reviewed by management. The City should also establish reconciliation procedures for the due to/from account balances.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

The City agrees with the finding and has implemented procedures to reconcile the due to due from accounting on project reimbursements. Also, the City will prepare monthly or as needed reports to management to record all transactions in a timely manner.

CITY OF GREENSBORO, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013
(CONTINUED)

2013-005 Payroll

CRITERIA

An effective system of internal controls should insure that payroll is paid and reconciled in a timely manner.

CONDITION

During fiscal year 2013, the City overpaid a Chamber of Commerce employee by \$1,950.

CONTEXT

The affected employee worked for the Chamber of Commerce but was maintained on the City's payroll system. The Chamber would reimburse the City for the salaries paid to their employees.

EFFECT

The City's accounting records contained errors which were identified and adjusted during the annual audit process.

CAUSE

The City bills the Chamber on a monthly basis for the payroll processed on their behalf. During 2013, the City was not reconciling this monthly billing to the payroll system. The City was also not reconciling the amounts paid by the payroll system to the authorized pay for employees. As a result, additional checks were processed for this employee during the year causing the employee to be paid in excess of the approved salary.

RECOMMENDATION

We recommend that City establish procedures to insure that the City is properly tracking and monitoring all payroll expenses and that the amounts billed to the Chamber are reconciled to the City's records.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

The City agrees with the finding and will review how the payroll and expenses are billed to the Chamber of Commerce. Following the review, we will implement new procedures to better reconcile the City's records.

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