

# **City of Greensburg**

Single Audit

December 31, 2009

**MaherDuessel**  
Certified Public Accountants

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# **CITY OF GREENSBURG**

YEAR ENDED DECEMBER 31, 2009

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YEAR ENDED DECEMBER 31, 2009

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Independent Auditor's Report

City Council  
City of Greensburg

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 Greensburg (City), Pennsylvania, as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Aerobic Center Municipal Authority, which represent 2%, 2%, and 4%, respectively, of the assets, net assets, and revenues of the City. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Aerobic Center Municipal Authority, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2009, and the respective changes in financial position and where applicable, cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund, Grant Fund, 2005 General Obligation Note Fund, and 2003 General Obligation Bond Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 9, 2010 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis section on pages i through viii and the pension and OPEB information on pages 52 through 56 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of

America. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we and the other auditors did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying additional information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures in the audit of the basic financial statements and, in our opinion, based upon our audit and the report of other auditors, is fairly stated in all material respects in relation to the basic financial statements taken as a whole

*Maher Duessel*

Pittsburgh, Pennsylvania  
August 9, 2010

**CITY OF GREENSBURG  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2009**

The discussion and analysis of the City of Greensburg's (City) financial performance provides an overview of the City's financial activities for the fiscal year ending December 31, 2009. Please read it in conjunction with the City's financial statements and notes which follow in order to obtain a thorough understanding of the City's financial condition at December 31, 2009.

Fiscal year 2009 represented the sixth year in which the City of Greensburg implemented Governmental Accounting Standards Board (GASB) Statement Number 34, *"Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments."* The City will continue to use the new accounting standard in order to enhance the understandability and usefulness of the annual financial reports.

**USING THIS ANNUAL REPORT**

This Management's Discussion and Analysis is intended to serve as an introduction to the City of Greensburg's basic financial statements. This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (pages 1 and 2) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start on page 3. These statements tell how governmental activities were financed in the short term as well as what remains for future spending. They report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements contain financial information about proprietary funds, and fiduciary funds.

Proprietary funds are funds that the City operates like a business. This group includes the Parking Revenue Fund, and the Hutchinson Parking Garage Fund.

Fiduciary funds are those funds that involve resources that are held by the City for which the City acts as a trustee or agent for the benefit of others.

The City's component units are the Greensburg Parking Authority and the Aerobic Center Municipal Authority. However, the Greensburg Parking Authority was dissolved at the end of 2008. A final transfer of assets was made during 2009 to close the fund.

The financial statements include notes that provide an explanation for certain information in the financial statements and also provide more details for this information.

The statements and notes are followed by required supplementary information. The Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual is presented for all funds designated as major funds.

## FINANCIAL HIGHLIGHTS

- The total net assets (assets less liabilities) on a government-wide basis were \$21,471,029 at December 31, 2009, not including component units. This is an increase of \$2,048,085 over last year. This increase is largely due to the restatements as more fully described in Note 1 to the financial statements.
- Real estate tax rates were increased to 25.05 mills in 2009.
- Revenues of the City's governmental funds based upon the fund financial statements were \$17,143,263 which includes transfers from the City's business-type activities and proceeds from the sale of fixed assets. Expenses amounted to \$16,972,991.
- Revenues of the City's business-type activities were \$1,804,669 for 2009 and expenses amounted to \$990,604 as indicated on page 12.
- The City of Greensburg's total assets at December 31, 2009 were \$34,977,574 excluding component units. GASB 34 required that all capital assets, including infrastructure, be valued and reported within the government-wide financial statements, but allowed capitalization of infrastructure to begin in 2004. The City reported infrastructure in the 2004 statements and will continue to report in this and future financial statements.

## GOVERNMENT-WIDE FINANCIAL STATEMENTS

The analysis of the City as a whole begins on page 1. The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. Current year revenues and expenditures are recorded when identified regardless of when cash is actually paid or received. These two statements reflect the financial position of the City. Increases or decreases in the City's net assets over time are a good indicator of its financial health. You will need to consider other nonfinancial factors, such as changes in the City's real estate tax base and general economic conditions to assess the overall position of the City.

The Statement of Net Assets and the Statement of Activities divide the City into three categories:

- *Governmental Activities* - Most of the City's basic services are reported here, including the police, fire, public works, parks and recreation, and general administration.
- *Business-type Activities* - The Parking Revenue Fund and the Hutchinson Garage Fund are reported here.
- *Component Units* - The City includes two separate legal entities in its report - the Greensburg Parking Authority and the Aerobic Center Municipal Authority.



## FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the most significant funds, not the City as a whole. Funds are accounting groups that the City uses to keep track of specific sources of funding and spending. Some funds are required to be established by State law or by bond covenants. Non-major funds are reported as “Other Governmental Funds”.

The City has three types of funds:

*\*Governmental Funds* – Include most of the City’s basic services and focus on the inflow and outflow of cash and the balances left at year-end that are available for spending. These funds, including the General Fund, Special Revenue Funds, Capital Project Funds and the Debt Service Fund, are reported using the modified accrual basis of accounting. Therefore, the governmental fund statements provide a detailed short-term view that assist in determining the financial resources available in the near future to finance the City’s programs. The relationship between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that follows the governmental fund financial statements.

*\*Proprietary Funds* – These funds are used to account for financial activity of the City’s operations for which customers are charged a user fee. They are the same as the business-type activities reported in the government-wide statements but provide more detail and information, such as cash flows.

*\*Fiduciary Funds* – The City is the trustee or fiduciary for its employees’ pension plans as well as the Payroll Clearing Fund, the Special Fund and the Thomas Lynch Concert Fund. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The fiduciary activity is reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. These funds are excluded from the City’s government-wide financial statements because the City cannot use these assets to finance its operations.

**Notes to financial statements** – The notes provide additional information that is essential to a full understanding of the data presented in the government-wide and fund financial statements. The notes can be found immediately following the basic financial statements.

**Other information** – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. This information can be found immediately following the notes to the financial statements.

### Government-wide Financial Analysis

#### Net Assets:

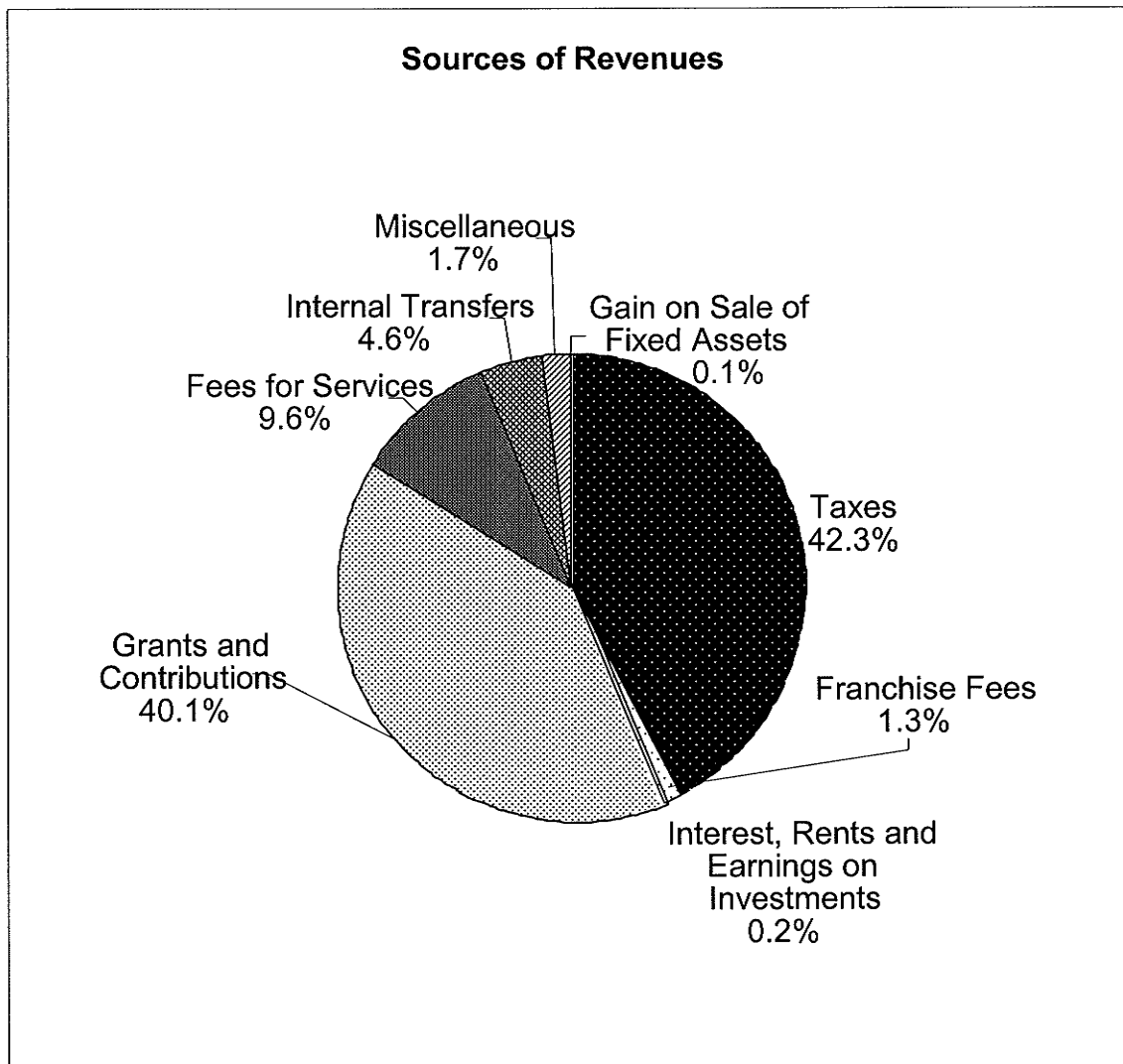
As noted earlier, net assets are useful indicators of a government’s financial position. At December 31, 2009, the City’s assets exceeded its liabilities by \$21,471,029. Total assets

equaled \$34,977,574. Of this amount, \$26,825,915 was capital assets, including infrastructure. Prior to the adoption of GASB No. 34, infrastructure was not reported or depreciated in governmental financial statements.

**Governmental Activities:**

Total revenues from governmental activities of \$17.1 million were derived primarily from tax collections at 42.3%. Grants and contributions made up the next largest source at 40.1%. Fees for services made up 9.6%. Interest and rents, franchise fees, internal transfers and other miscellaneous income make up the remaining balance.

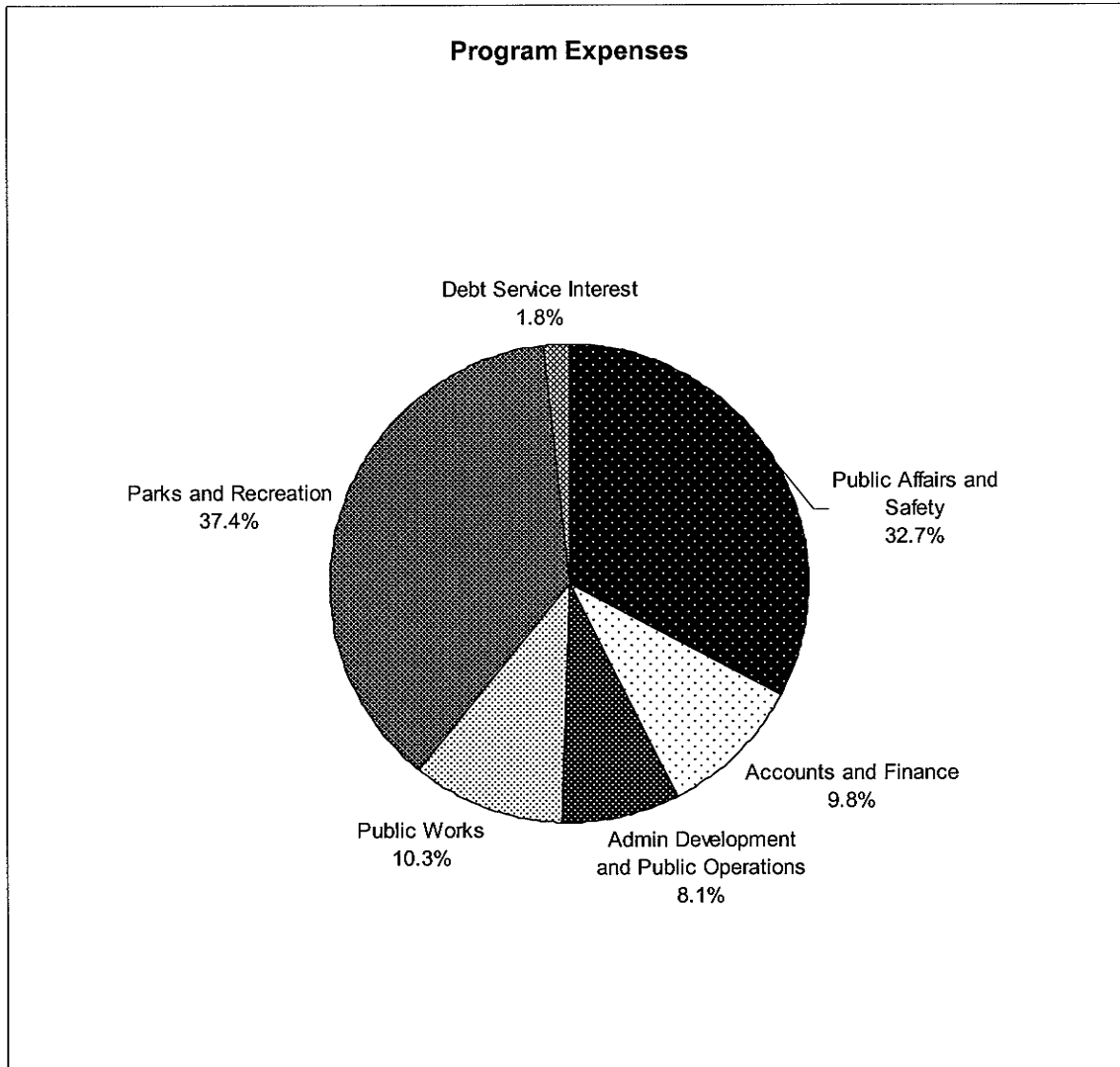
The following chart graphically depicts the government-wide sources of revenues for the fiscal year ended December 31, 2009.



Total 2009 expenses for all programs were \$15.2 million. These expenses reflect the delivery of a wide range of services, with the largest area being parks and recreation at 37.4%. Public safety was second at 32.7%. Public works weighs in at 10.3%. The department of accounts and finance at 9.8% was the next largest. This area represents

general government expenditures such as insurances, computer equipment, and contracted services as well as other day-to-day operating expenses. Administration development and public operations follows with 8.1% of the expenditures. Debt service interest expenses account for the remaining 1.8%.

The following chart graphically depicts the government-wide program expenses for the fiscal year ended December 31, 2009.



**Business-type Activities:**

The total revenue generated from business-type activities during 2009 was \$1,942,811 excluding transfer of fixed asset and internal transfer. Operating expenses during this period amounted to \$1,094,033. The City uses this positive balance in net operating income to offset general government expenditures.

## **FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

### **General Fund**

There were no differences between the 2009 adopted original budget and the final budget. The City's General Fund reported a fund balance of \$651,776 at the end of the year. General Fund revenues increased by \$250,684 over 2008 and expenses decreased by \$1,021,694. Of the total 25.05 mills of real estate tax, 17.05 mills were allocated for the general fund. The remaining 8.00 mills were used for debt service. The 3.80 mill increase over 2008 was devoted entirely to the General Fund to be used for operating expenses.

### **Other Major Funds**

#### **2003 General Obligation Bond Fund:**

In 2003, the City took advantage of low rates and refinanced much of its debt and acquired over \$1 million in new money. This money was to be used for street improvements and revitalization of our downtown. In 2009, funds were expended to complete Phases II and III of a Hometown Streets project that enhanced the beauty and safety of our downtown. The project included brick-stamped concrete crosswalks, sidewalk repair and beautification, benches, planters and bike racks. This project is expected to be completed by summer 2010.

#### **2005 General Obligation Note Fund:**

Early in 2006, the City obtained a general obligation note for \$4 million to construct additional parking to satisfy the needs of current and future growth in the downtown. These funds were utilized in 2009 to fund additional capital repairs to City-owned buildings. Monies from this fund were also expended on the required local match of engineering fees to replace two bridges that are slated to begin construction in 2011.

#### **Grant Fund:**

This fund is used as a pass through for projects funded with grant monies. In 2009, this fund was used for the police department bullet proof vest program as well as the Seton Hill University Performing Arts Center.

#### **Capital Assets:**

Capital assets consist primarily of land, buildings and improvements, equipment, infrastructure, and construction in progress. The total capital assets, net of depreciation, at December 31, 2009 are \$26,825,915. Major capital asset events for which capital expenditures have been incurred during fiscal year 2009 include street paving, vehicle purchases in the police and fire departments, and upgrades to the sound equipment for the Summersounds concert series. We also made necessary repairs to several City-owned structures. Refrigerant pump replacements, solarium repairs, gutters, security camera installation, and maintenance to parking structures were completed in 2009.

#### **Other Non-Major Governmental Funds:**

The Armstrong Fund is funded by a grant each year and is used for emergency assistance. Its service is administered by the Greensburg Police Department. The Motor Tax Fund is used for road repair and maintenance, equipment purchases, and winter maintenance

services. It is funded solely by the Liquid Fuels Allocation from the Department of Transportation.

The Greensburg Community Days Fund and the St. Clair Park Concert Fund support these two community events. Both events are organized by teams of volunteers and are almost wholly self-supporting. A small donation from the City supplements the income and donations received by each group.

### **Proprietary Funds**

#### **Parking Revenue Fund:**

The Parking Revenue Fund generates revenue through metered and leased parking from three garages, 16 lots, and various on-street locations located throughout the downtown. A budgeted transfer is made every year out of this fund to help offset General Fund expenditures. The amount transferred in 2009 was \$800,000. A transfer is also budgeted to help offset debt payments associated with parking projects. The amount transferred to the debt service fund for 2009 was \$190,800.

#### **Hutchinson Garage Fund:**

This garage is located near the campus of Excelsa Westmoreland Hospital located within the City limits. At the end of each year, the net profit is divided based on an agreement with the hospital. The City's portion is used to purchase capital equipment for the police and fire departments as well as support recreational activities and future capital repairs to the garage. The transfer realized by the City in 2009 was \$309,394.

### **Trust and Agency Funds**

#### **Pension Plans:**

The City of Greensburg has two pension plans – non-uniformed employees and police. The non-uniformed plan is administered by Pennsylvania Municipal Retirement System (PMRS). The police pension plan is governed by City Council of the City of Greensburg. The plan is managed by CS McKee Investment Managers. During 2009, non-uniformed employees were required to contribute 3.5% of their salary and police were required to contribute 5% of their salary plus one dollar per month to the plan. More detailed information regarding the police pension plan can be found on pages 14 and 15 of the statements as well as in Notes 2 and 8 in the Notes to the Financial Statements.

#### **Thomas Lynch Concert Fund:**

There is a restricted investment of \$60,001 in this fund. The interest earned is used to help fund a symphony concert in the City's St. Clair Park amphitheater each year.

#### **Payroll Clearing Fund:**

This is used as a clearing fund for the City's payroll functions.

#### **Special Fund:**

The Special Fund is used to hold ordinance compliance bonds for those completing building or improvement projects within the City. This fund is monitored for forfeitures and periodically a transfer is made to the General Fund of monies available for unrestricted use. No transfer was made in 2009.

## **Economic Outlook**

As is the case with most local governments, the City of Greensburg is struggling to continue to provide its citizens the same level of service that they have come to expect over the years. 2009 was a difficult year as we found the need to increase real estate taxes, lay off workers and consolidate operations. With increasing personnel costs, decreasing markets, a rising number of unfunded mandates passed down by federal and state government, and the costs of providing all services on the rise, we continue to look for ways to save taxpayer dollars while maintaining quality of life. As we move forward, we will strive to do as much as we can to continue to make Greensburg a great place to live, work, and play.

### **Requests for Information:**

This financial report is designed to provide a general overview of the City of Greensburg's finances for all interested parties. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Fiscal Director, City of Greensburg, 416 South Main Street, Greensburg, PA 15601.

# CITY OF GREENSBURG

## STATEMENT OF NET ASSETS

DECEMBER 31, 2009

				Component Units	
	Governmental Activities	Business-Type Activities	Total Primary Government	Greensburg Parking Authority	Aerobic Center Municipal Authority
<b>Assets</b>					
Cash and cash equivalents	\$ 3,232,763	\$ 615,357	\$ 3,848,120	\$ -	\$ 119,133
Investments	-	-		-	69,786
Receivables:					
Taxes	1,354,607	-	1,354,607	-	-
Intergovernmental	2,664,309		2,664,309		
Other	86,715	75,385	162,100	-	14,289
Other assets	-	-	-	-	8,202
Net pension asset	97,123	-	97,123	-	-
Restricted assets:					
Escrow accounts	25,400	-	25,400	-	-
Capital assets, not being depreciated	3,207,091	947,828	4,154,919	-	-
Capital assets, net of accumulated depreciation	14,017,087	8,653,909	22,670,996	-	544,470
<b>Total Assets</b>	<b>24,685,095</b>	<b>10,292,479</b>	<b>34,977,574</b>	<b>-</b>	<b>755,880</b>
<b>Liabilities</b>					
Accounts payable	2,916,443	26,611	2,943,054	-	17,597
Accrued interest	20,917	-	20,917	-	-
Other accrued liabilities	273,503	-	273,503	-	11,913
Unearned revenue	68,375	23,545	91,920	-	60,120
Liabilities payable from restricted assets	25,400	-	25,400	-	-
Other postemployment benefits liability	682,611	11,918	694,529	-	-
Non-current liabilities:					
Due within one year	723,922	255,000	978,922	-	1,732
Due in more than one year	6,673,300	1,805,000	8,478,300	-	-
<b>Total Liabilities</b>	<b>11,384,471</b>	<b>2,122,074</b>	<b>13,506,545</b>	<b>-</b>	<b>91,362</b>
<b>Net Assets</b>					
Invested in capital assets, net of related debt	9,906,061	7,541,737	17,447,798	-	544,470
Restricted for:					
Liquid fuels	181,107	-	181,107	-	-
Emergency assistance	1,335	-	1,335	-	-
Capital projects	1,991,958	-	1,991,958	-	-
Debt service	173,740	-	173,740	-	-
Unrestricted	1,046,423	628,668	1,675,091	-	120,048
<b>Total Net Assets</b>	<b>\$ 13,300,624</b>	<b>\$ 8,170,405</b>	<b>\$ 21,471,029</b>	<b>\$ -</b>	<b>\$ 664,518</b>

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

# CITY OF GREENSBURG

## STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2009

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net			Component Units		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total Primary Government	Greensburg Parking Authority	Aerobic Center Municipal Authority
Governmental Activities:									
Department of Public Affairs and Safety	\$ 4,986,808	\$ 379,319	\$ 469,758	\$ 119,752	\$ (4,017,979)	\$ -	\$ (4,017,979)	\$ -	\$ -
Department of Accounts and Finance	1,495,359	2,649	39,257	-	(1,453,453)	-	(1,453,453)	-	-
Department of Administrative Development	1,229,265	45,445	11,656	-	(1,172,164)	-	(1,172,164)	-	-
Development and Public Works	1,566,729	105,075	313,038	5,949,651	4,801,035	-	4,801,035	-	-
Department of Parks and Recreation	5,710,743	1,120,670	-	-	(4,590,073)	-	(4,590,073)	-	-
Interest	270,319	-	-	-	(270,319)	-	(270,319)	-	-
Total government activities	15,259,223	1,653,158	833,709	6,069,403	(6,702,953)	-	(6,702,953)	-	-
Business-Type Activities:									
Parking revenue fund	777,383	1,252,567	-	19,175	-	494,359	494,359	-	-
Hutchinson garage fund	316,650	532,139	-	-	-	215,489	215,489	-	-
Total business-type activities	1,094,033	1,784,706	-	19,175	-	709,848	709,848	-	-
Component Units:									
Greensburg Parking Authority	857,518	817,340	1,140	-	-	-	-	-	(39,038)
Aerobic Center Municipal Authority	857,518	817,340	1,140	-	-	-	-	-	(39,038)
Total component units	\$ 17,210,774	\$ 4,255,204	\$ 834,849	\$ 6,088,578	(6,702,953)	709,848	(5,993,105)	-	(39,038)
Total									
General revenues:									
Taxes:									
Property taxes, levied for general purposes					3,355,507	-	3,355,507	-	-
Earned income tax					2,916,692	-	2,916,692	-	-
Business privilege tax					420,031	-	420,031	-	-
Local services tax					459,899	-	459,899	-	-
Other taxes levied for general purposes					116,515	-	116,515	-	-
Interest, rents, and royalties					36,593	67,742	104,335	-	-
Franchise fees					219,332	-	219,332	-	-
Gain on sale of fixed assets					22,181	-	22,181	-	-
Miscellaneous income					288,537	788	289,325	-	-
Miscellaneous income: Accounts receivable from parking authority					-	70,400	70,400	(70,400)	-
Transfer of fixed asset: Capital contribution					(153,342)	153,342	-	-	-
Internal transfers					946,508	(946,508)	-	-	-
Total general revenues					8,628,453	(654,236)	7,974,217	(70,400)	(39,038)
Change in Net Assets					1,925,500	55,612	1,981,112	(70,400)	(39,038)
Net Assets:									
Beginning of year, as restated					11,375,124	8,114,793	19,489,917	70,400	703,556
Ending of year					\$ 13,300,624	\$ 8,170,405	\$ 21,471,029	\$ -	\$ 664,518

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



# CITY OF GREENSBURG

## BALANCE SHEET GOVERNMENTAL FUNDS

DECEMBER 31, 2009

	General Fund	Grant Fund	2005 General Obligation Note Fund	2003 General Obligation Bond fund	Other Governmental Funds	Total
<b>Assets</b>						
Cash and cash equivalents	\$ 736,983	\$ -	1,230,548	147,255	\$ 1,143,377	\$ 3,258,163
Receivables:						
Taxes (net)	1,249,647	-	-	-	104,960	1,354,607
Intergovernmental	-	1,450,929	27,197	1,186,183	-	2,664,309
Other	86,715	-	-	-	-	86,715
<b>Total Assets</b>	<b>\$ 2,073,345</b>	<b>\$ 1,450,929</b>	<b>\$ 1,257,745</b>	<b>\$ 1,333,438</b>	<b>\$ 1,248,337</b>	<b>\$ 7,363,794</b>
<b>Liabilities and Fund Balance</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 164,245	\$ 1,450,929	\$ 28,649	\$ 1,237,453	\$ 35,167	\$ 2,916,443
Other accrued liabilities	298,903	-	-	-	-	298,903
Deferred revenue	958,421	-	-	-	93,459	1,051,880
<b>Total Liabilities</b>	<b>1,421,569</b>	<b>1,450,929</b>	<b>28,649</b>	<b>1,237,453</b>	<b>128,626</b>	<b>4,267,226</b>
<b>Fund Balance:</b>						
Unreserved, undesignated report in:						
General Fund	651,776	-	-	-	-	651,776
Special Revenue Fund	-	-	-	-	279,094	279,094
Capital Project Funds	-	-	1,229,096	95,985	666,877	1,991,958
Debt Service Fund	-	-	-	-	173,740	173,740
<b>Total Fund Balance</b>	<b>651,776</b>	<b>-</b>	<b>1,229,096</b>	<b>95,985</b>	<b>1,119,711</b>	<b>3,096,568</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 2,073,345</b>	<b>\$ 1,450,929</b>	<b>\$ 1,257,745</b>	<b>\$ 1,333,438</b>	<b>\$ 1,248,337</b>	<b>\$ 7,363,794</b>

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

# CITY OF GREENSBURG

## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2009

<b>Total Fund Balance - Governmental Funds</b>	<b>\$ 3,096,568</b>
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not current financial resources and therefore, are not reported as assets in governmental funds. The cost of assets is \$28,776,765 and the accumulated depreciation is \$11,552,587.	17,224,178
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Taxes receivable will be collected in future years but are not available soon enough to pay for the current year's expenditures and therefore, are deferred in those funds.	983,505
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The net OPEB liability is a long-term liability that is not due and payable in the current period, and therefore, are not reported as liabilities in the funds.	(682,611)
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The net pension asset is not a financial resource and, therefore, it is not reported as an asset in governmental funds.	97,123
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Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the fund. Long-term liabilities at year-end consist of:

Bonds and notes payable	\$ 7,162,767	
Capital leases obligations	155,350	
Compensated absences	79,105	
Accrued interest	20,917	(7,418,139)
		<hr/>

<b>Total Net Assets - Governmental Activities</b>	<b>\$ 13,300,624</b>
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The notes to the financial statements are an integral part of this statement.

# CITY OF GREENSBURG

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS

YEAR ENDED DECEMBER 31, 2009

	General Fund	Grant Fund	2005 General Obligation Fund	2003 General Obligation Fund	Other Governmental Funds	Total
<b>Revenues:</b>						
Taxes	\$ 6,162,424	\$ -	\$ -	\$ -	\$ 974,486	\$ 7,136,910
Licenses and permits	349,681	-	-	-	1,370	351,051
Fines and forfeits	283,861	-	-	-	920	284,781
Charges for services	1,168,616	-	-	-	68,042	1,236,658
Intergovernmental revenue	595,671	4,092,463	123,205	1,665,637	426,136	6,903,112
Interest, rent, and earnings on investments	5,567	-	22,892	1,021	7,113	36,593
Miscellaneous	121,060	-	-	-	104,409	225,469
<b>Total revenues</b>	<b>8,686,880</b>	<b>4,092,463</b>	<b>146,097</b>	<b>1,666,658</b>	<b>1,582,476</b>	<b>16,174,574</b>
<b>Expenditures:</b>						
Department of Public Affairs and Safety	4,427,278	1,654	-	-	500	4,429,432
Department of Accounts and Finance	1,453,158	-	-	-	-	1,453,158
Department of Administrative Development	1,150,552	-	-	-	-	1,150,552
Development and Public Works	1,063,353	-	-	-	261,993	1,325,346
Department of Parks and Recreation	1,184,440	4,090,809	-	-	184,356	5,459,605
Capital outlay	-	-	185,109	1,837,537	192,878	2,215,524
Debt service:						
Principal	-	-	-	-	666,692	666,692
Interest	-	-	-	-	272,682	272,682
<b>Total expenditures</b>	<b>9,278,781</b>	<b>4,092,463</b>	<b>185,109</b>	<b>1,837,537</b>	<b>1,579,101</b>	<b>16,972,991</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(591,901)</b>	<b>-</b>	<b>(39,012)</b>	<b>(170,879)</b>	<b>3,375</b>	<b>(798,417)</b>
<b>Other Financing Sources (Uses):</b>						
Transfers in	1,824,362	521,853	1,000,000	-	1,021,994	4,368,209
Transfers out	(1,004,451)	(521,853)	(1,000,000)	-	(895,397)	(3,421,701)
Proceeds from sale of fixed assets	3,090	-	-	-	19,091	22,181
<b>Total other financing sources (uses)</b>	<b>823,001</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>145,688</b>	<b>968,689</b>
<b>Net Change in Fund Balance</b>	<b>231,100</b>	<b>-</b>	<b>(39,012)</b>	<b>(170,879)</b>	<b>149,063</b>	<b>170,272</b>
<b>Fund Balance:</b>						
Beginning of year, as restated	420,676	-	1,268,108	266,864	970,648	2,926,296
End of year	\$ 651,776	\$ -	\$ 1,229,096	\$ 95,985	\$ 1,119,711	\$ 3,096,568

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

# CITY OF GREENSBURG

## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2009

**Net Change in Fund Balance - Governmental Funds** \$ 170,272

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current year:

Capital outlays, net of deletions	\$ 2,090,536	
Less: depreciation expense, net of deletions	<u>904,183</u>	1,186,353

Because some taxes will not be collected for several months after the City of Greensburg's year-end, they are not considered as "available" revenues in the governmental funds. Deferred revenues increased (decreased) by this amount during the year. 131,734

Issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. However, neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas, these amounts are deferred and amortized in the statement of activities. Repayment of note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. The effect of these transactions in the statement of activities is shown below:

Repayment of note and bond principal	666,692	
Repayment of capital lease principal	<u>74,195</u>	740,887

Governmental funds do not report the net pension assets, as they are not considered a financial resource. The net pension asset was increased by this amount during the year. 1,801

Governmental funds do not report the net OPEB liability, as they are not considered a financial resource. The net OPEB liability was increased by this amount during the year. (304,660)

In the statement of activities, certain operating expenses for accumulated employee benefits such as vacations and sick days are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used. This amount represents the difference between the amount earned versus the amount used. (3,250)

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and, thus, requires the use of current financial resources. In the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due. The decrease in interest accrued in the statement of activities is shown here. 2,363

**Change in Net Assets of Governmental Activities** \$ 1,925,500

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

# CITY OF GREENSBURG

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)

### GENERAL FUND

YEAR ENDED DECEMBER 31, 2009

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 5,944,980	\$ 5,944,980	\$ 5,895,221	\$ (49,759)
Licenses and permits	309,950	309,950	349,681	39,731
Fines and forfeits	295,100	295,100	283,861	(11,239)
Charges for services	1,093,605	1,093,605	1,168,616	75,011
Intergovernmental revenue	603,900	603,900	608,693	4,793
Interest, rent and earnings on investments	24,000	24,000	5,567	(18,433)
Miscellaneous	119,100	119,100	121,060	1,960
Total revenues	8,390,635	8,390,635	8,432,699	42,064
<b>Expenditures:</b>				
Department of Public Affairs and Safety	3,871,330	3,871,330	4,386,124	(514,794)
Department of Accounts and Finance	2,447,196	2,447,196	1,468,461	978,735
Department of Administrative Development	1,125,587	1,125,587	1,150,552	(24,965)
Development and Public Works	1,032,352	1,032,352	1,063,353	(31,001)
Department of Parks and Recreation	1,219,073	1,219,073	1,184,440	34,633
Total expenditures	9,695,538	9,695,538	9,252,930	442,608
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(1,304,903)	(1,304,903)	(820,231)	484,672
<b>Other Financing Sources (Uses):</b>				
Transfers in	1,800,000	1,800,000	1,824,362	24,362
Transfers out	(1,000,000)	(1,000,000)	(1,004,451)	(4,451)
Proceeds from the sale of fixed assets	5,000	5,000	3,090	(1,910)
Total other financing sources (uses)	805,000	805,000	823,001	18,001
<b>Net Change in Fund Balance</b>	<u>\$ (499,903)</u>	<u>\$ (499,903)</u>	<u>\$ 2,770</u>	<u>\$ 502,673</u>

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

# CITY OF GREENSBURG

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)

### GRANT FUND

YEAR ENDED DECEMBER 31, 2009

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Revenues:</b>				
Intergovernmental revenue	\$ 3,538,461	\$ 3,538,461	\$ 3,855,082	\$ 316,621
<b>Expenditures:</b>				
Department of Public Affairs and Safety	-	-	1,654	(1,654)
Department of Parks and Recreation	3,538,461	3,538,461	3,853,428	(314,967)
Total expenditures	3,538,461	3,538,461	3,855,082	(316,621)
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	-	-	-	-
<b>Other Financing Sources (Uses):</b>				
Operating transfers in	-	-	521,853	521,853
Operating transfers out	-	-	(521,853)	(521,853)
Total other financing sources (uses)	-	-	-	-
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

# CITY OF GREENSBURG

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)

### 2005 GENERAL OBLIGATION NOTE FUND

YEAR ENDED DECEMBER 31, 2009

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Revenues:</b>				
Intergovernmental revenue	\$ 277,349	\$ 277,349	\$ 107,259	\$ (170,090)
Interest, rent and earnings on investments	30,000	30,000	22,892	(7,108)
Total revenues	307,349	307,349	130,151	(177,198)
<b>Expenditures:</b>				
Capital outlay	439,262	439,262	179,036	260,226
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(131,913)	(131,913)	(48,885)	83,028
<b>Other Financing Sources (Uses):</b>				
Operating transfers in	1,000,000	1,000,000	1,000,000	-
Operating transfers out	(1,000,000)	(1,000,000)	(1,000,000)	-
Total other financing sources (uses)	-	-	-	-
<b>Net Change in Fund Balance</b>	<u>\$ (131,913)</u>	<u>\$ (131,913)</u>	<u>\$ (48,885)</u>	<u>\$ 83,028</u>

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

# CITY OF GREENSBURG

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)

### 2003 GENERAL OBLIGATION BOND FUND

YEAR ENDED DECEMBER 31, 2009

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Revenues:</b>				
Intergovernmental revenue	\$ 1,267,250	\$ 1,267,250	\$ 479,454	\$ (787,796)
Interest, rent and earnings on investments	2,000	2,000	1,021	(979)
Total revenues	1,269,250	1,269,250	480,475	(788,775)
<b>Expenditures:</b>				
Capital outlay	1,405,739	1,405,739	641,559	764,180
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>\$ (136,489)</u>	<u>\$ (136,489)</u>	<u>\$ (161,084)</u>	<u>\$ (24,595)</u>

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



# CITY OF GREENSBURG

## STATEMENT OF NET ASSETS PROPRIETARY FUNDS

DECEMBER 31, 2009

<b>Assets</b>	Parking Revenue Fund	Hutchinson Garage Fund	Total Proprietary Fund Types
<b>Current assets:</b>			
Cash and cash equivalents	\$ 193,713	\$ 421,644	\$ 615,357
Receivables	72,161	3,224	75,385
Total current assets	265,874	424,868	690,742
<b>Noncurrent assets:</b>			
Land	938,368	9,460	947,828
Buildings and other property and equipment	10,865,744	3,074,528	13,940,272
Less: accumulated depreciation	(3,367,048)	(1,919,315)	(5,286,363)
Total noncurrent assets, net of depreciation	8,437,064	1,164,673	9,601,737
<b>Total Assets</b>	<b>\$ 8,702,938</b>	<b>\$ 1,589,541</b>	<b>\$ 10,292,479</b>
<b>Liabilities and Net Assets</b>			
<b>Liabilities:</b>			
<b>Current liabilities:</b>			
Accounts payable and other current liabilities	\$ 22,912	\$ 3,699	\$ 26,611
Current portion of long-term debt	255,000	-	255,000
Deferred revenue	16,530	7,015	23,545
Total current liabilities	294,442	10,714	305,156
<b>Long-term:</b>			
Bonds payable	1,805,000	-	1,805,000
OPEB liability	7,041	4,877	11,918
Total long-term liabilities	1,812,041	4,877	1,816,918
Total Liabilities	2,106,483	15,591	2,122,074
<b>Net Assets:</b>			
Invested in capital assets, net of related debt	6,377,064	1,164,673	7,541,737
Unrestricted	219,391	409,277	628,668
Total Net Assets	6,596,455	1,573,950	8,170,405
<b>Total Liabilities and Net Assets</b>	<b>\$ 8,702,938</b>	<b>\$ 1,589,541</b>	<b>\$ 10,292,479</b>

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

# CITY OF GREENSBURG

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - PROPRIETARY FUNDS

YEAR ENDED DECEMBER 31, 2009

	Parking Revenue Fund	Hutchinson Garage Fund	Total Proprietary Fund Types
<b>Operating Revenues:</b>			
Charges for services	\$ 1,252,567	\$ 532,139	\$ 1,784,706
Other operating revenue	19,963	-	19,963
Total operating revenues	<u>1,272,530</u>	<u>532,139</u>	<u>1,804,669</u>
<b>Operating Expenses:</b>			
Department of Public Works	303,021	237,433	540,454
Depreciation	370,933	79,217	450,150
Total operating expenses	<u>673,954</u>	<u>316,650</u>	<u>990,604</u>
<b>Operating Income</b>	<u>598,576</u>	<u>215,489</u>	<u>814,065</u>
<b>Other Financing Sources (Uses):</b>			
Operating transfers in	353,686	-	353,686
Operating transfers out	(990,800)	(309,394)	(1,300,194)
Capital contribution	153,342	-	153,342
Revenue: Transfer of a/r from component unit	70,400	-	70,400
Interest, rents, and royalties	60,314	7,428	67,742
Interest expense	(103,429)	-	(103,429)
Total other financing sources (uses)	<u>(456,487)</u>	<u>(301,966)</u>	<u>(758,453)</u>
<b>Net Income (Loss)</b>	142,089	(86,477)	55,612
<b>Net Assets:</b>			
Beginning of year, as restated	<u>6,454,366</u>	<u>1,660,427</u>	<u>8,114,793</u>
End of year	<u><u>\$ 6,596,455</u></u>	<u><u>\$ 1,573,950</u></u>	<u><u>\$ 8,170,405</u></u>

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

# CITY OF GREENSBURG

## STATEMENT OF CASH FLOWS PROPRIETARY FUND

YEAR ENDED DECEMBER 31, 2009

	Parking Revenue Fund	Hutchinson Garage Fund	Total Proprietary Fund Types
<b>Cash Flows From Operating Activities:</b>			
Receipts from customers	\$ 1,261,568	\$ 534,499	\$ 1,796,067
Payment to employees	(76,256)	(54,374)	(130,630)
Payment to suppliers	(218,349)	(207,053)	(425,402)
Net cash provided by (used in) operating activities	<u>966,963</u>	<u>273,072</u>	<u>1,240,035</u>
<b>Cash Flows From Capital and Related Financing Activities:</b>			
Interfund transfers	(637,114)	(309,394)	(946,508)
Capital expenditures	(44,051)	(1,056)	(45,107)
Principal and interest on long-term debt	(348,429)	-	(348,429)
Net cash provided by (used in) capital and related financing activities	<u>(1,029,594)</u>	<u>(310,450)</u>	<u>(1,340,044)</u>
<b>Cash Flows From Investing Activities:</b>			
Interest, rents, and royalties	<u>60,314</u>	<u>7,428</u>	<u>67,742</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<u>(2,317)</u>	<u>(29,950)</u>	<u>(32,267)</u>
<b>Cash and Cash Equivalents:</b>			
Beginning of year	<u>196,030</u>	<u>451,594</u>	<u>647,624</u>
End of year	<u><u>\$ 193,713</u></u>	<u><u>\$ 421,644</u></u>	<u><u>\$ 615,357</u></u>
<b>Reconciliation of Operating Income to Net Cash Provided by (Used In) Operating Activities:</b>			
Operating income	\$ 598,576	\$ 215,489	\$ 814,065
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation	370,933	79,217	450,150
Transfer of accounts receivable from component unit	70,400	-	70,400
Restatement of Net Assets			
Changes in operating assets and liabilities:			
Accounts receivable	(69,677)	1,395	(68,282)
Accounts payable and other accrued liabilities	1,812	(28,553)	(26,741)
OPEB liability	6,604	4,559	11,163
Deferred revenue	(11,685)	965	(10,720)
Net cash provided by (used in) operating activities	<u><u>\$ 966,963</u></u>	<u><u>\$ 273,072</u></u>	<u><u>\$ 1,240,035</u></u>

See accompanying notes to financial statements.

**CITY OF GREENSBURG**  
**STATEMENT OF FIDUCIARY**  
**NET ASSETS - FIDUCIARY FUNDS**

DECEMBER 31, 2009

			<u>Agency Funds</u>		
	Pension Trust Fund Police Pension	Private Purpose Trust Fund - Thomas Lynch Concert Fund	Payroll Clearing Fund	Special Fund	Total
<hr/> <b>Assets</b> <hr/>					
Cash and cash equivalents	\$ -	\$ 60,001	\$ 7,296	\$ 92,717	\$ 160,014
Investments	12,055,671	-	-	-	12,055,671
Other receivables	32,019	-	-	-	32,019
<b>Total Assets</b>	<u>12,087,690</u>	<u>60,001</u>	<u>7,296</u>	<u>92,717</u>	<u>12,247,704</u>
<hr/> <b>Liabilities</b> <hr/>					
Funds held in fiduciary accounts	-	-	7,296	92,717	100,013
<b>Net Assets Held in Trust:</b>					
(A schedule of funding progress for each plan is presented on page 50)	<u>\$ 12,087,690</u>	<u>\$ 60,001</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,147,691</u>

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

# CITY OF GREENSBURG

## STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

YEAR ENDED DECEMBER 31, 2009

	Pension Trust Fund Police Pension	Private Purpose Trust Fund - Thomas Lynch Concert Fund	Total
<b>Additions:</b>			
Contributions:			
Commonwealth	\$ 347,777	\$ -	\$ 347,777
Employer	340,804	-	340,804
Employee	94,896	-	94,896
Total contributions	783,477	-	783,477
Investment income:			
Net appreciation in fair value of investment	1,945,112	-	1,945,112
Interest and dividends	288,620	710	289,330
Total investment income	2,233,732	710	2,234,442
Other income	6,761	-	6,761
Total additions	3,023,970	710	3,024,680
<b>Deductions:</b>			
Benefit payments	858,979	-	858,979
Administration/other fees	59,818	-	59,818
Parks and recreation	-	1,830	1,830
Total deductions	918,797	1,830	920,627
<b>Change in Net Assets</b>	2,105,173	(1,120)	2,104,053
<b>Net Assets:</b>			
Beginning of year	9,982,517	61,121	10,043,638
End of year	<u>\$ 12,087,690</u>	<u>\$ 60,001</u>	<u>\$ 12,147,691</u>

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

# CITY OF GREENSBURG

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Greensburg (City), incorporated in 1926, is a Home Rule Municipality governed by a Charter passed by the voters in 1988 and is represented by a Mayor, who serves as President of City Council (Council), and four Council members. Each official is elected for overlapping four-year terms with elections taking place every two years. Council appoints a City Administrator, who is responsible for the day-to-day operations of the City under the direction of the Mayor and the Council. The City provides the following services as authorized by its charter: public safety, streets, health and social services, sanitation, culture-recreation, public improvements, planning and zoning, and general administrative services.

#### Reporting Entity

The City, for financial reporting purposes, includes all of the funds and account groups relevant to the operation of the City. The financial statements presented herein do not include agencies that have been formed under applicable state laws or separate and distinct units of government apart from the City.

The financial statements of the City include those of separately administered organizations that are controlled by or dependent on the City. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective governing board.

Based on the foregoing criteria, the financial statements of the following organizations are either included or excluded, as indicated, in the accompanying financial statements:

#### Included in the Reporting Entity

**Greensburg Parking Authority (Authority)** – The Council appoints Authority Board members. All obligations of the Authority are guaranteed by the full faith and taxing power of the City. The Authority was dissolved by Council during fiscal year 2008. The only activity in 2009 was to close the Authority. The financial statements of the Authority are presented discretely in the City's financial statements.

**Aerobic Center Municipal Authority** – The Council appoints Aerobic Center Municipal Authority Board members. All obligations of the Authority are guaranteed by the full faith and taxing power of the City. The separate financial statements of the Aerobic Center Municipal Authority may be obtained at the Aerobic Center Municipal Authority's offices. The financial statements of the Aerobic Center Municipal Authority are presented discretely in the City's financial statements.

# CITY OF GREENSBURG

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

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### Excluded from the Reporting Entity

The Greater Greensburg Sewage Authority is not part of the City's reporting entity because the City exercises no oversight responsibility and has no accountability for fiscal matters.

### Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the City. For the most part, the effect of inter-fund activity has been removed from these statements. 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. Component units are presented on a discrete basis as described above.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements.

### Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary 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.

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# CITY OF GREENSBURG

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

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Governmental fund financial statements are reported using the current financial resources measurement focus and 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. Property taxes, franchise taxes, licenses, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise fund are 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 non-operating revenues and expenses.

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

The City uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are classified into three categories: governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate "fund types" as follows:



# CITY OF GREENSBURG

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

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The City reports the following major governmental funds:

The *General Fund* is the general operating fund of the City. It finances the regular day-to-day operations of the City. It is used to account for all financial revenues and expenditures, except those required to be accounted for in another fund.

The *Grant Fund* is a Special Revenue Fund used solely for the pass through of grant monies.

The *2005 General Obligation Note Fund* is a Capital Projects Fund that was created in early 2006 when the City obtained a general obligation note for \$4 million to construct additional parking to satisfy the needs of current and future growth in the downtown area.

The *2003 General Obligation Bond Fund* is a Capital Projects Fund that was created when the City refinanced much of its debt and acquired over \$1 million in new funds in 2003. This money is used for street improvements and the revitalization of the downtown area.

The City reports the following major proprietary funds:

The *Parking Revenue Fund* generates revenue through metered and leased parking from three garages, 16 lots, and various on-street locations located throughout the City.

The *Hutchinson Garage Fund* is a garage that is located near the hospital within the city limits. At year-end, the net profit is divided based upon an agreement with the hospital.

In addition, the City reports the following other governmental funds:

*Special Revenue Funds* are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. Special Revenue Funds utilized to account for those financial activities include:

- The *Armstrong Fund* is funded through a grant each year and is used for emergency assistance.
- The *Motor Tax Fund* accounts for state aid revenues (liquid fuels tax) used for road repair and maintenance, equipment purchases, and winter maintenance services.

# CITY OF GREENSBURG

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

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- The *Greensburg Community Days Fund* accounts for the activity associated with this community event.
- The *St. Clair Park Concert Series Fund* accounts for the activity associated with this community event.

*Capital Projects Funds* are used to account for financial resources to be used for the acquisition of major capital equipment or construction of major capital projects. Capital Projects Funds utilized to account for those financial activities include: the *Police Equipment Fund*, the *Fire Department Capital Equipment Fund*, and the *Hutchinson Garage Reserve Fund*.

The *Debt Service Fund* accounts for resources to be used for debt service expenditures.

The City reports the following fiduciary funds:

*Trust and Agency Funds* are used to account for assets held in a capacity as a trustee or as an agent for other funds. The *Police Retirement Fund* and the *Thomas Lynch Concert Fund* are classified as Nonexpendable Trust Funds. The *Payroll Clearing Fund* and the *Special Fund* are classified as Agency Funds.

The Aerobic Center Municipal Authority is considered a non-profit organization; and therefore, its financial statements were prepared in accordance with generally accepting accounting principles governed by the Financial Accounting Standards Board.

### Budgets and Budgetary Accounting

An operating budget is adopted each year for all governmental funds on the cash basis (budgetary basis) as opposed to the modified accrual basis (GAAP basis). In these financial statements, actual revenues, expenditures, and other financing sources and uses have been converted to the budgetary basis in the statements of revenues and expenditures - budget and actual.

The City's fiscal year begins January 1 and ends December 31 of each year. The City follows these procedures in establishing the budgetary data reflected in the basic financial statements:

1. On or before the fifteen day of October of each year, the individual department directors submit to the fiscal director the proposed budget for their individual departments for the ensuing year.

# CITY OF GREENSBURG

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

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2. On or before the 60<sup>th</sup> day prior to the end of the fiscal year, the fiscal director shall submit to the Council a proposed budget for the ensuing year.
3. The budget shall provide a complete financial plan for all City funds and activities for the ensuing year. The total of proposed expenditures shall not exceed the total of estimated income.
4. A general summary of the budget is advertised within 20 days of receipt. This summary includes a notice stating the times and places where the budget is available for public inspection, and the place and time, not less than seven days after the notice and at least fourteen days before adoption, for a public hearing on the budget.
5. After the public hearing, the Council may adopt the budget with or without amendment. In amending the budget, Council may add or increase programs or amounts and may delete or decrease any programs or amounts, except expenditures required by applicable law, for debt service, or for estimated cash deficit; but no amendment of the budget shall increase the authorized expenditures to any amount greater than the estimated income.

The legal level of control for expenditures (level at which expenditures cannot legally exceed appropriations) is the surplus or deficit of the fund as a whole. Any excess appropriations at the end of the fiscal year are not carried forward, but instead lapse.

The procedures as described above are the same for all funds with the following exception for the capital project funds: the Finance Director prepares and submits the capital program budget to Council at least three months prior to the final date for submission of the budget.

The following is a reconciliation of the excess (deficiency) of revenues and other financing sources over expenditures and other financing uses for the General Fund between the budgetary basis to the GAAP Basis for the year ended December 31, 2009:

# CITY OF GREENSBURG

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

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Excess of revenues and other financing sources over expenditures and other financing uses (budgetary basis)	\$ 2,770
Adjustments:	
To adjust revenues and other financing sources to the modified accrual basis	254,181
To adjust expenditures and other financing uses to the modified accrual basis	<u>(25,851)</u>
Deficiency of revenues and other financing sources over expenditures and other financing uses (GAAP basis)	<u>\$ 231,100</u>

The following is a reconciliation of the excess (deficiency) of revenues and other financing sources over expenditures and other financing uses for the Grant Fund between the budgetary basis to the GAAP Basis for the year ended December 31, 2009:

Excess of revenues and other financing sources over expenditures and other financing uses (budgetary basis)	\$ -
Adjustments:	
To adjust revenues and other financing sources to the modified accrual basis	237,381
To adjust expenditures and other financing uses to the modified accrual basis	<u>(237,381)</u>
Excess of revenues and other financing sources over expenditures and other financing uses (GAAP basis)	<u>\$ -</u>

# CITY OF GREENSBURG

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

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The following is a reconciliation of the excess (deficiency) of revenues and other financing sources over expenditures and other financing uses for the 2005 General Obligation Note Fund between the budgetary basis to the GAAP Basis for the year ended December 31, 2009:

Deficiency of revenues and other financing sources over expenditures and other financing uses (budgetary basis)	\$ (48,885)
Adjustments:	
To adjust revenues and other financing sources to the modified accrual basis	15,946
To adjust expenditures and other financing uses to the modified accrual basis	<u>(6,073)</u>
Deficiency of revenues and other financing sources over expenditures and other financing uses (GAAP basis)	<u>\$ (39,012)</u>

The following is a reconciliation of the excess (deficiency) of revenues and other financing sources over expenditures and other financing uses for the 2003 General Obligation Bond Fund between the budgetary basis to the GAAP Basis for the year ended December 31, 2009:

Deficiency of revenues and other financing sources over expenditures and other financing uses (budgetary basis)	\$ (161,084)
Adjustments:	
To adjust revenues and other financing sources to the modified accrual basis	1,186,183
To adjust expenditures and other financing uses to the modified accrual basis	<u>(1,195,978)</u>
Deficiency of revenues and other financing sources over expenditures and other financing uses (GAAP basis)	<u>\$ (170,879)</u>

### Expenditures in Excess of Appropriations

Total expenditures exceeded the budgeted amounts in the Grant Fund; however, the expenditures did not exceed the grant award amounts. As a result, sufficient funds were available to cover the excess expenditures.

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# CITY OF GREENSBURG

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

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The Greensburg Parking Authority and the Aerobic Center Municipal Authority did not adopt legally appropriated operating budgets for 2009.

### Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with a maturity of three months or less when purchased.

### Investments

State statutes authorize the City to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, and repurchase agreements.

Investments are stated at fair value including the investments in the Pension Trust Fund.

### Interfund Activity in the Government-Wide Financial Statements

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." The effect of interfund activity has been eliminated from the government-wide financial statements. Flow of cash or goods from one fund to another without a requirement for repayment is reported as interfund transfers. Interfund transfers are reported as other financing sources (uses) in the governmental funds.

### Property and Earned Income Taxes

Property tax revenue and earned income tax revenue are recognized based on amounts levied to the extent collected during the year. In accordance with GASB Statement No. 33, *"Accounting and Financial Reporting for Nonexchange Transactions,"* earned income taxes are recognized as a receivable when the obligation to pay the tax is incurred by the taxpayer (i.e., income subject to the taxes earned). Uncollected property taxes and earned income taxes, reflected on the balance sheet as taxes receivable, are offset by deferred revenue on the governmental fund financial statements. Interest and penalty charges accrued on unpaid taxes are recognized as revenue when received. Tax refunds are charged against revenues when paid.

### Intergovernmental Receivables

Accounts receivable related to grant activity is recorded as intergovernmental receivables when billed.

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# CITY OF GREENSBURG

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

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### Prepaid Expenses

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

### Capital Assets of the Primary Government

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$1,000. Such 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 costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

The property, plant, and equipment of the City are depreciated using the straight line method over the estimated useful lives of the asset. No depreciation expense is recorded for land or construction-in-progress.

### Aerobic Center Municipal Authority Capital Assets

Capital assets are defined as assets with an initial, individual cost of more than \$250 and an estimated useful life in excess of one year. The Aerobic Center Municipal Authority capital assets are recorded at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. There was not any material assets donated during 2009. Depreciation and amortization are computed using the straight line method over the following estimated useful lives related to the assets:

Buildings	39 years
Machinery and equipment	5-7 years
Furniture and Fixtures	7 years

# CITY OF GREENSBURG

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

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### Aerobic Center Municipal Authority Unearned Revenue

The unearned revenue of \$60,120 at December 31, 2009, as shown on the statement of net assets, represents memberships collected prior to December 31, 2009 which are applicable to the calendar year beginning January 1, 2010 and ending December 31, 2010.

### Compensated Absences

Vacation and personal time for non-uniform employees must be used by year-end. Sick time for non-uniform employees is not paid when an employee terminates. When an employee retires, the employee is paid \$30 per sick day up to 100 sick days. Also, depending on their days in their "sick bank," employees are given the following bonuses upon retirement: 10-25 days: \$500, 26-50 days: \$1,000, 51-100 day: \$1,500, 101 days and above: \$2,000. The sick time accrual has been determined to be immaterial in nature for non-uniform employees; and therefore, a compensated absence accrual has not been recorded in the financial statements.

Employees under the police union contract are entitled to the payment of not more than 18 days combined of unused book days, vacation days, personal days, and compensatory days upon retirement. The accumulated days will be paid at the employee's regular base pay.

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. In the government-wide financial statements, a police compensated absence accrual of \$79,105 is recorded as a non-current liability due in more than one year.

### Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets.

When incurred, bond premiums and discounts, as well as issuance costs, would be deferred and amortized over the life of the bonds. Bonds would then be reported net of the applicable bond premium or discount.

### Fund Financial Statements: Fund Balance, Net Assets and Restatements of Fund Balance and Net Assets

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

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# CITY OF GREENSBURG

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

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### Reserved

Reserved is used to denote that portion of fund balance that is not available for expenditure appropriation or is legally segregated for a specific purpose. The City did not have any reserved fund balances at December 31, 2009.

### Unreserved

Unreserved is used to denote that portion of the fund balance that is available for appropriation.

The invested in capital assets, net of related debt in the parking revenue fund was restated at January 1, 2009 to properly allocate the fixed assets between the governmental and proprietary funds. The effect of this restatement was to increase unreserved fund balance by \$315,843.

As the other postemployment benefits liability should only be recorded in the government-wide financial statements, the unreserved fund balance in the General Fund was restated at January 1, 2009 to remove the liability from the fund financial statements. The effect of this restatement was to increase unreserved fund balance by \$377,951.

The net assets in both proprietary funds were restated at January 1, 2009 to properly reflect the accounts payable balances at December 31, 2008. The net assets were increased by \$20,763 and \$11,427, respectively, in the Parking Revenue Fund and Hutchinson Garage Fund.

The unreserved fund balance in the police equipment fund at January 1, 2009 was restated to properly reflect the deferred revenue balance at December 31, 2008. The effect of this restatement was an increase in unreserved fund balance by \$13,000.

The following summarizes the combined effect of the restatements on fund balance at January 1, 2009 on the combined governmental funds:

Fund balance at December 31, 2008	\$ 2,535,345
OPEB restatement	377,951
Deferred revenue restatement	<u>13,000</u>
Fund balance at January 1, 2009, as restated	<u><u>\$ 2,926,296</u></u>

# CITY OF GREENSBURG

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

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The following summarizes the combined effect of the restatements on net assets at January 1, 2009 in the proprietary funds:

Net assets at December 31, 2008	\$ 7,766,760
Fixed asset restatement	315,843
Accounts payable restatement	20,763
Accounts payable restatement	<u>11,427</u>
Net assets at January 1, 2009, as restated	<u>\$ 8,114,793</u>

### Government-wide Financial Statements: Net Assets and Restatements of Net Assets

The net assets are classified into three components – invested in capital assets, net of related debt, restricted, and unrestricted. These classifications are defined as follows:

- Invested in capital assets, net of related debt - This component of net assets consists of capital assets net of accumulated depreciation and is reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted - This component of net assets consists of constraints placed on net assets use through external restrictions. The City had restricted assets of \$181,107 related to liquid fuels, \$1,335 related to emergency assistance, \$1,991,958 related to the capital projects, and \$173,740 related to the debt service at December 31, 2009.
- Unrestricted - This component of net assets consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

The invested in capital assets, net of related debt was restated at January 1, 2009 to properly reflect the land value at December 31, 2008, to capitalize assets not previously capitalized and properly allocate assets between the governmental and proprietary funds. The effect of the restatement was to decrease the invested in capital assets, net of related debt by \$1,054,891.

The unrestricted net assets were restated at January 1, 2009 to implement GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*, for earned income taxes. The effect of the restatement was to increase unrestricted net assets by \$742,076.

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# CITY OF GREENSBURG

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

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The net assets in the government-wide financial statements were restated at January 1, 2009 to record the net pension asset at December 31, 2008. The effect of the restatement was to increase net assets by \$95,322.

The unrestricted net assets in the government-wide financial statements were restated at January 1, 2009 to properly reflect the taxes receivable balance at December 31, 2008. The effect of the restatement was to decrease unrestricted net assets by \$76,567.

The following summarizes the combined effect of the restatements on net assets at January 1, 2009 in the government-wide financial statements in the governmental activities:

Net assets at December 31, 2008	\$	11,656,184
Fund balance restatements impact		13,000
Fixed asset restatements		(1,054,891)
GASB Statement No. 33 restatement for EIT		742,076
Net pension asset restatement		95,322
Taxes receivable restatement		<u>(76,567)</u>
Net assets at January 1, 2009, as restated	\$	<u>11,375,124</u>

### Estimates

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

### Encumbrances

Encumbrances accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in governmental funds. Encumbrances at year-end are reported as reservations of fund balance because they do not constitute expenditures or liabilities, but serve as authorization for expenditures in the subsequent year.

### Subsequent Events

Subsequent events have been evaluated through the Independent Auditor's Report date, which is the date the financial statements were available to be issued.

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# CITY OF GREENSBURG

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

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### Pending Pronouncement

In March 2009, GASB issued Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*." This Statement's objective is to enhance the usefulness of fund balance information. The guidance in this Statement will be effective for the City's financial statements for the year ended December 31, 2011. The City is currently considering the impact that this new pronouncement will have on the financial statements.

## **2. CASH, CASH EQUIVALENTS, AND INVESTMENTS**

### **Primary Government**

Pennsylvania statutes provide for investment of governmental funds into certain authorized investment types including U.S. Treasury bills, other short-term U.S. and Pennsylvania government obligations, insured or collateralized time deposits, and certificates of deposit. The statutes do not prescribe regulations related to demand deposits; however, they do allow the pooling of governmental funds for investment purposes.

The deposit and investment policy of the City adheres to state statutes and prudent business practice. Deposits of the governmental funds are either maintained in demand deposits, savings accounts, invested with approved investment pools, and/or certificates of deposit. There were no deposits or investment transactions during the year that were in violation of either the state statutes or the policy of the City.

GASB Statement No. 40, "*Deposit and Investment Risk Disclosures*," requires disclosures related to the following deposit and investment risks: credit risk (including custodial credit risk and concentrations of credit risk), interest rate risk, and foreign currency risk. The following is a description of the City's deposit and investment risks:

**Custodial Credit Risk** – Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a formal deposit policy for custodial credit risk. At December 31, 2009, \$3,256,432 of the City's bank balance of \$3,757,767 was exposed to custodial credit risk, which is collateralized in accordance with Act 72 of the Pennsylvania state legislature which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution's name. These deposits have carrying amounts of \$3,828,011 as of December 31, 2009.

# CITY OF GREENSBURG

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

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In addition to the deposits noted above, included in cash and cash equivalents on the statement of net assets are investments with the Pennsylvania Local Government Investment Trust (PLGIT) of \$45,509. The fair value of the Township's investments with PLGIT, which is an external investment pool, is the same as the value of pooled shares.

**Interest Rate Risk** – Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of the City's investments. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The City's investments in PLGIT are short-term with maturities of less than one year.

**Credit Risk** – The City has no formal investment policy that would limit its investment choices based on credit ratings by nationally recognized statistical rating organizations. PLGIT has a rating of AAAm by Standard & Poor's at December 31, 2009.

The funds in the Thomas Lynch Concert Series Fund, which is a private purpose trust fund is held separately from those of other City funds. There is currently a certificate of deposit with a carrying amount of \$60,001. The entire balance was exposed to custodial credit risk at December 31, 2009.

There are also funds in the Payroll Clearing Fund and the Special Fund, which are agency funds that are held separately from those of other City funds. The entire balances of \$100,013 are held in interest bearing accounts at a local bank. The entire balance was exposed to custodial credit risk at December 31, 2009.

The City has no foreign currency risks for any of its funds.

### Pension Trust Fund

The Pension Trust Fund is used to account for assets held by the City in a trustee capacity for future payment of retirement benefits to employees or former employees.

As of December 31, 2009, the City had the following cash and investments in its pension trust fund:

# CITY OF GREENSBURG

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

Cash or Investment Type	Fair Market Value	Investment Maturities from December 31, 2009			
		Less than 1 year	1-5 Years	6-10 Years	More than 10 Years
U.S. Government Treasuries	\$ 1,028,378	\$ 81,282	\$ 640,013	\$ 307,083	\$ -
U.S. Government Agencies	2,118,764	-	438,389	863,893	816,482
Corporate bonds	1,314,036	64,444	372,679	743,552	133,361
Mortgage pools	138,733	117,510	4,914	2,309	14,000
Collateralized mortgage obligations and asset backed securities	319,390	178,440	-	42,131	98,819
Total debt securities	4,919,301	\$ 441,676	\$ 1,455,995	1,958,968	\$ 1,062,662
Cash and cash equivalents	80,290				
Common stock	5,755,226				
Mutual funds	1,300,854				
Total investments reported on statement of fiduciary net assets	\$ 12,055,671				

The following is a description of the Pension Trust Fund's deposit and investment risks:

*Interest Rate Risk* - The City's Police Pension Fund Investment Policy (Pension Investment Policy) does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit Risk* - The City's Pension Investment Policy does not address the risk an issuer or other counterparty to an investment will not fulfill its obligations, other than requiring commercial paper assets to be rated A-1 or P-1 by Standard and Poor's and Moody's, respectively. As of December 31, 2009, the Police Pension Trust Fund investments in guaranteed interest accounts were rated the following by Moody's.

# CITY OF GREENSBURG

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

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### Credit Quality Distribution for Securities with Credit Exposure

<u>Investment Type</u>	<u>Moody's Rating</u>	<u>% of Investment Type</u>
U.S. Government Treasuries	AAA	100%
U.S. Government Securities	N/A	100%
Corporate Bonds	Aa2	10%
Corporate Bonds	Aaa	5%
Corporate Bonds	A1	25%
Corporate Bonds	A2	26%
Corporate Bonds	A3	9%
Corporate Bonds	Baa1	8%
Corporate Bonds	Baa2	1%
Corporate Bonds	N/A	16%
Mortgage Pools	N/A	100%
Collateralized Mortgage Obligations and Asset Backed Securities	N/A	100%
Common Stock	N/A	100%
Mutual Funds	N/A	100%

*Custodial Credit Risk* - For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside entity. City's Pension Investment Policy does not limit the holding of securities by counterparties.

*Concentration of Credit Risk* – The City's Pension Investment Policy requires that no more than 5% of the total equity holdings of the entire Fund shall be invested in the securities of any one issuer. Additionally, no more than 15% of the total Fund equity holdings shall be invested in any one industry, and investments in any corporation shall not exceed 5% of the outstanding shares of the corporation. Similarly, fixed income investments in any one issuer (excluding direct or indirect obligations of the U.S. Government shall not exceed 5% of the total fixed income assets of the entire fund, and fixed income holdings by the Fund should not represent more than 5% of a total particular issue. No violations of the Pension Investment Policy existed at December 31, 2009.

# CITY OF GREENSBURG

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

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### Aerobic Center Municipal Authority

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Aerobic Center Municipal Authority's deposits may not be returned to it. The Authority does not have a formal deposit policy for custodial credit risk. At December 31, 2009, the Authority's entire bank balance was insured by the Federal Deposit Insurance Corporation (FDIC). The deposits have carrying amounts of \$188,919 at December 31, 2009. \$119,133 is recorded as cash and cash equivalents on the statement of net assets. The remaining \$69,786 is composed of certificate of deposits classified as investments on the statement of net assets.

### 3. ACCOUNTS RECEIVABLE - OTHER

Accounts receivable – other in the governmental funds at December 31, 2009, consisted of the following:

Comcast franchise fee	\$	55,739
Miscellaneous receivables		30,976
	\$	<u>86,715</u>

### 4. INTERFUND TRANSFERS

Interfund transfers at December 31, 2009 are summarized below:

Fund	Transfers In	Transfers Out
Major Funds:		
General	\$ 1,824,362	\$ 1,004,451
Grant	521,853	521,853
2005 General Obligation Note	1,000,000	1,000,000
2003 General Obligation Bond	-	-
Parking Revenue	353,686	990,800
Hutchinson Garage	-	309,394
Other Governmental	<u>1,021,994</u>	<u>895,397</u>
Total	<u>\$ 4,721,895</u>	<u>\$ 4,721,895</u>



# CITY OF GREENSBURG

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

Transfers between funds mainly represent reimbursements and administrative fees paid on behalf of other funds.

### 5. CAPITAL ASSETS

#### Primary Government

A summary of changes in capital assets during fiscal year 2009 is as follows:

	Balance at January 1, 2009, as restated	Additions	Transfers/ (Deletions)	Balance at December 31, 2009
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,085,462	\$ -	\$ -	\$ 1,085,462
Construction in progress	324,398	1,797,231	-	2,121,629
	<u>1,409,860</u>	<u>1,797,231</u>	<u>-</u>	<u>3,207,091</u>
Capital assets, being depreciated:				
Buildings	8,724,831	35,255	-	8,760,086
Land improvements	1,637,582	4,068	-	1,641,650
Leasehold improvements	46,021	-	-	46,021
Equipment and vehicles	8,206,776	308,335	(116,838)	8,398,273
Infrastructure	6,661,159	215,827	(153,342)	6,723,644
	<u>25,276,369</u>	<u>563,485</u>	<u>(270,180)</u>	<u>25,569,674</u>
Less accumulated depreciation for:				
Buildings	(4,073,269)	(197,505)	-	(4,270,774)
Land improvements	(1,071,541)	(36,033)	-	(1,107,574)
Leasehold improvements	(5,753)	(2,300)	-	(8,053)
Equipment and vehicles	(5,166,740)	(563,096)	66,039	(5,663,797)
Infrastructure	(331,101)	(171,288)	-	(502,389)
	<u>(10,648,404)</u>	<u>(970,222)</u>	<u>66,039</u>	<u>(11,552,587)</u>
Total accumulated depreciation				
Governmental activities:				
Capital assets, net	<u>\$ 16,037,825</u>	<u>\$ 1,390,494</u>	<u>\$ (204,141)</u>	<u>\$ 17,224,178</u>

# CITY OF GREENSBURG

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

	Balance at January 1, 2009, as restated	Additions	Transfers/ (Deletions)	Balance at December 31, 2009
<b>Business-Type Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 947,828	\$ -	\$ -	\$ 947,828
Capital assets, being depreciated:				
Land improvements	4,654,661	19,175	-	4,673,836
Buildings	8,795,989			8,795,989
Leasehold improvement	3,854			3,854
Infrastructure	12,687		153,342	166,029
Equipment and vehicles	274,632	25,932	-	300,564
	<u>13,741,823</u>	<u>45,107</u>	<u>153,342</u>	<u>13,940,272</u>
Less accumulated depreciation for:				
Land improvements	(715,164)	(216,118)	-	(931,282)
Buildings	(3,920,709)	(214,135)	-	(4,134,844)
Leasehold improvement	(482)	(192)	-	(674)
Infrastructure	(877)	(2,103)	-	(2,980)
Equipment and vehicles	(198,981)	(17,602)	-	(216,583)
Total accumulated depreciation	<u>(4,836,213)</u>	<u>(450,150)</u>	<u>-</u>	<u>(5,286,363)</u>
Business-type activities				
Capital assets, net	<u>\$ 9,853,438</u>	<u>\$ (405,043)</u>	<u>\$ 153,342</u>	<u>\$ 9,601,737</u>

Depreciation expense was charged to governmental functions as follows:

Department of Public Affairs and Safety	\$ 336,442
Department of Accounting and Finance	3,696
Department of Administration Development	65,775
Department of Public Works	247,861
Department of Parks and Recreation	<u>316,448</u>
Total	<u>\$ 970,222</u>

# CITY OF GREENSBURG

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

Depreciation expense was charged to business-type functions as follows:

Department of Public Works	\$ 450,150
Total	<u>\$ 450,150</u>

### Aerobic Center Municipal Authority

The capital assets of the Aerobic Center Municipal Authority consisted of the following major classes at December 31, 2009:

Building Improvements	\$ 541,817
Furniture and Fixtures	44,082
Machinery & Equipment	443,372
Pool	<u>280,057</u>
	1,309,328
Accumulated Depreciation	<u>(764,858)</u>
	<u>\$ 544,470</u>

## 6. LONG-TERM DEBT OF THE PRIMARY GOVERNMENT

Long-term liability activity for the City for year ended December 31, 2009, was as follows:

	Amounts Payable as of January 1, 2009	Change in Long-term Payables	Repayment	Amounts Payable as of December 31, 2009	Due Within One Year
<i>Governmental Activities</i>					
G.O. Bonds	\$ 3,935,000	\$ -	\$ (515,000)	\$ 3,420,000	\$ 530,000
G.O. Notes	3,694,459	-	(151,692)	3,542,767	158,041
Mortgage payable	200,000	-	-	200,000	-
Capital leases	229,545	-	(74,195)	155,350	35,881
Compensated absences	<u>75,855</u>	<u>3,250</u>	<u>-</u>	<u>79,105</u>	<u>-</u>
Total governmental activities	8,134,859	3,250	(740,887)	7,397,222	723,922
<i>Business-type Activities</i>					
G.O. Bonds	<u>2,305,000</u>	<u>-</u>	<u>(245,000)</u>	<u>2,060,000</u>	<u>255,000</u>
Total	<u>\$ 10,439,859</u>	<u>\$ 3,250</u>	<u>\$ (985,887)</u>	<u>\$ 9,457,222</u>	<u>\$ 978,922</u>

# CITY OF GREENSBURG

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

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### General Obligation Bonds

#### ***2001 Bonds***

On December 1, 2001, the City issued General Obligation Bonds, Refunding Series of 2001 (2001 Bonds) in the amount of \$3,850,000. The proceeds of the 2001 Bonds were used for: 1) a current refunding of the outstanding General Obligation Bonds, Series of 1993 of Greensburg Parking Authority and 2) paying the costs of issuing the bonds.

At December 31, 2009, the amount outstanding relating to the 2001 Bonds was \$2,060,000 recorded in the Parking Revenue Fund on the statement of net assets proprietary funds and as Business-type Activities on the statement of net assets. The 2001 Bonds are payable semi-annually, carry interest rates ranging from 3.95% to 5.00%, and mature through 2016.

#### ***2003 Bonds***

On July 1, 2003, the City issued General Obligation Bonds, Refunding Series of 2003 (2003 Bonds) in the amount of \$6,495,000. The proceeds of the 2003 Bonds were used for: 1) a current refunding of the outstanding General Obligation Notes, Series of 1994, Series of 1998, and Series of 1999, as well as a portion of the 2001 Bonds 2) financing various capital projects; and paying the costs of issuing the bonds.

At December 31, 2009, the amount outstanding relating to the 2003 Bonds was \$3,420,000 recorded as Governmental Activities on the statement of net assets. The 2003 Bonds are payable semi-annually, carry interest rates ranging from 2.50% to 3.00%, and mature through 2015.

### General Obligation Notes

#### ***2005 Note***

On March 28, 2006, the City issued General Obligation Note, Series 2005 (2005 Note) in the amount of \$4,000,000. The proceeds of the 2005 Note were used for construction of additional parking and improvements in the downtown area.

At December 31, 2009, the amount outstanding relating to the 2005 Note was \$3,527,640 recorded as Governmental Activities on the statement of net assets. The 2005 Note is payable semi-annually, carries a 4.25% interest rate, and matures through 2026.

# CITY OF GREENSBURG

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

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### ***PEMA Note***

On February 10, 1997, the City issued a General Obligation Note in the amount of \$100,000 to co-guarantee the Pennsylvania Emergency Management Agency Loan (PEMA Loan) procured by the Greensburg Volunteer Fire Department (Hose Company No. 6) for the purchase of equipment.

At December 31, 2009, the amount outstanding relating to the PEMA Note was \$15,127 recorded as Governmental Activities on the statement of net assets. The PEMA Note is payable annually, carries a 2% interest rate, and matures through 2011.

### **Mortgage Payable**

A \$200,000 obligation of the Greensburg Parking Authority was assumed by the City in 2008 in conjunction with the termination of the Greensburg Parking Authority. The full amount of the interest-free mortgage is payable to the Redevelopment Authority of Westmoreland County in 2016. The Greensburg Parking Authority and the City are currently in negotiations with the Redevelopment Authority of Westmoreland County to alternatively satisfy the obligation.

Annual debt service requirements for the General Obligation Bond, General Obligation Note, and mortgage payable are as follows:

### **Governmental Activities :**

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 688,041	\$ 253,065	\$ 941,106
2011	709,658	231,466	941,124
2012	723,764	207,999	931,763
2013	745,798	183,151	928,949
2014	773,134	156,889	930,023
2015-2019	1,827,223	497,351	2,324,574
2020-2024	1,249,099	245,375	1,494,474
2025-2026	446,050	19,449	465,499
	<u>\$ 7,162,767</u>	<u>\$ 1,794,745</u>	<u>\$ 8,957,512</u>

# CITY OF GREENSBURG

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

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Business-type Activities :

Year Ending December 31,	Principal	Interest	Total
2010	\$ 255,000	\$ 94,557	\$ 349,557
2011	265,000	84,230	349,230
2012	280,000	69,043	349,043
2013	295,000	56,295	351,295
2014	305,000	43,125	348,125
2015-2016	660,000	41,375	701,375
	<u>\$ 2,060,000</u>	<u>\$ 388,625</u>	<u>\$ 2,448,625</u>

Obligations under Capital Leases

In April 2006, the City amended a lease agreement entered into in April 2003 (2003 master lease) to include a truck for the golf course at a cost of \$17,262. The lease bears interest at a rate of 6.25% and requires annual payments of principal and interest. The lease is secured by the vehicle and will mature in 2010.

In April 2006, the City amended the 2003 master lease to include a ball field groomer at a cost of \$11,288. The lease bears interest at a rate of 6.25% and requires annual payments of principal and interest. The lease is secured by the vehicle and will mature in 2010.

In May 2008, the City amended the 2003 master lease to include a tractor at a cost of \$27,800. The lease bears interest at a rate of 4.60% and requires annual payments of principal and interest. The lease is secured by the tractor and will mature in 2012.

In April 2008, the City amended the 2003 master lease to include a golf course mower at a cost of \$44,958. The lease bears interest at a rate of 4.60% and requires annual payments of principal and interest. The lease is secured by the mower and will mature in 2012.

In June 2008, the City entered into a lease agreement for a street sweeper at a cost of \$141,194. The lease bears interest at a rate of 3.96% and requires annual payments of principal and interest. The lease is secured by the vehicle and will mature in 2015.

All of the aforementioned leases contain bargain purchase options.

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# CITY OF GREENSBURG

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

Present value of future minimum lease payments for these capital leases for the years ending December 31 are as follows:

	Principal	Interest	Total Payments
2010	\$ 35,881	\$ 6,570	\$ 42,451
2011	31,107	4,921	36,028
2012	32,432	3,596	36,028
2013	17,924	2,215	20,139
2014	18,634	1,505	20,139
2015	19,372	767	20,139
	<u>\$ 155,350</u>	<u>\$ 19,574</u>	<u>\$ 174,925</u>

### 7. PROPERTY TAXES

Real estate taxes are based on assessed valuations provided by Westmoreland County (County) and are levied on March 1. These taxes are billed and collected by a third party collection agency. Taxes paid through April 30 are given a 2% discount. Amounts paid after June 30 are assessed a 10% penalty. By January 15<sup>th</sup> in the year following the billing, uncollected balances are returned to the Tax Claim Bureau of Westmoreland County who collects and liens the delinquent real estate taxes on behalf of the City.

For 2009, City real estate taxes were levied at the rate of 25.05 mills on assessed valuation (\$131,432,750), as follows:

General purposes	17.05 mills
Debt Service	8.00 mills

### 8. PENSION PLANS

The City administers two defined benefit pension plans covering substantially all full-time employees: the City Police Pension Plan (Police Plan), a single-employer plan for police officers and the Non-Uniformed Pension Plan (Non-Uniformed Plan), an agent multi-employer plan held by the Pennsylvania Municipal Retirement System (PMRS) for employees other than police. The plans provide retirement benefits to plan members. PMRS prepares financial statements for the Non-Uniformed Plan. Stand-alone financial statements are not issued for the Police Plan.

# CITY OF GREENSBURG

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

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### Police Plan - Description

Established July 6, 1959, the Police Plan is a defined benefit plan available to all full-time City police officers under Act 205 of the Commonwealth of Pennsylvania (Act). The Police Plan is governed by the Council which may amend the plan provisions, and which is responsible for the management of plan assets. The Council has delegated the authority to manage the plan assets to a third party investment manager, separate from the plan's trustee.

According to the Police Plan, participants are eligible for retirement upon the completion of 20 years of continuous service. Participants are fully vested in the Police Plan upon the completion of 12 years of continuous service. The monthly pension benefit is equal to 60 percent of the greater of the participant's monthly salary at retirement or the average monthly compensation over the participant's five highest years.

As of January 1, 2009, the date of the most recent actuarial valuation, participants in the Police Plan were as follows:

Retirees and beneficiaries	32
Active participants:	
Vested	16
Non-vested	11

### Police Plan - Summary of Significant Accounting Policies

Financial information is presented on the accrual basis of accounting. Employer contributions to the Police Plan are recognized when earned. Benefits and refunds are recognized when incurred in accordance with the terms of the Police Plan.

Police Plan assets are reported at fair value. Police Plan assets are invested primarily in equities and U.S. Treasury obligations. See the summary of plan assets at Note 2 above. The Police Plan did not have any investment transactions with related parties during the year.

### Police Plan - Contributions and Funding Policy

The Act requires that annual contributions be based upon the calculation of the Minimum Municipal Obligation (MMO), which is based upon the biennial actuarial valuation. Employees are not required to contribute under the Act. The Commonwealth of Pennsylvania (Commonwealth) allocates certain funds to assist in pension funding, which is funded by state foreign casualty insurance tax. Any financial requirement established by the MMO that exceeds the Commonwealth allocations must be funded by the City (and could include employee contributions). In 2009, the City used the Commonwealth allocation of

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# CITY OF GREENSBURG

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

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\$347,777 for its Police Plan. The remaining \$340,804 of MMO was paid by the General Fund.

Employee contributions to the Police Plan for 2009 were \$94,896, which represents 5% of covered payroll.

Administrative costs, including investment, custodial trustee, and actuarial services are charged to the Police Plan and funded by investment earnings.

	<u>Police</u>
Annual pension cost	\$ 686,780
Contributions made	\$ 688,581
Actuarial valuation date	1/1/2009
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar Closed
Amortization period	7 years
Asset valuation method	4-year smoothing
Actuarial assumptions:	
Investment rate of return	8.00%
Projected salary increases	5.50%
Underlying inflation rate	3.00%

# CITY OF GREENSBURG

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

The City has (a net pension asset) a negative net pension obligation (NPO) as of December 31, 2009 calculated as follows:

	<u>Police</u>
Annual required contribution	\$ 681,757
Interest on NPO	(7,626)
Adjustment to the ARC	<u>12,649</u>
Annual pension cost	686,780
Contribution made	<u>688,581</u>
Change in NPO	(1,801)
NPO, December 31, 2008	<u>(95,322)</u>
NPO, December 31, 2009	<u><u>\$ (97,123)</u></u>

### Police Plan – Three-Year Trend Information

<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
12/31/2007	\$ 684,381	102%	\$ (82,301)
12/31/2008	704,535	102%	(95,322)
12/31/2009	686,780	100%	(97,123)

### Police Plan - Funded Status

The City's funded status and related information as of the latest actuarial valuation date, January 1, 2009, is as follows:

<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) Entry Age</u>	<u>Excess of Assets Over (Under) AAL</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Excess (Deficiency) as a Percentage of Covered Payroll</u>
\$11,979,021	\$ 15,600,858	\$ (3,621,837)	76.78%	\$2,101,055	(172.38)%

# CITY OF GREENSBURG

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

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The required schedule of funding progress included as required supplementary information immediately following the notes to financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The schedule of funding progress also lists key changes in assumptions that occurred for the January 1, 2009 actuarial valuation.

### Non-Uniformed Plan - Description

Established May 1, 1968, the Non-Uniformed Plan is an agent multi-employer plan held by the PMRS for employees other than police. Plan provisions are established by municipal ordinance with the authority for municipal contributions required by Act 205.

At January 1, 2009, the date of the most recent valuation, participants in the plans were as follows:

	Non-Uniformed <u>Employees</u>
Participants:	
Retirees and beneficiaries	31
Deferred vested	4
Active employees:	
Vested	38
Nonvested	19

### Non-Uniformed Plan - Financial Information

PMRS is separately audited and a separate audit report for PMRS is available through the City administrative offices.

### Non-Uniformed Plan - Contributions and Funding Policy

The Act requires that annual contributions be based upon the calculation of the MMO. The MMO calculation is based upon the biennial actuarial valuation. Employees are not required to contribute under the Act; such contributions are subject to collective bargaining and City policies. The Commonwealth allocates certain funds to assist in pension funding. Any financial requirement established by the MMO, which exceeds the Commonwealth allocation must be funded by the City (and could include employee contributions). In 2009, the MMO for the Non-Uniformed Plan was \$25,450, which was paid by the General Fund.

Employee contributions to the Non-Uniformed Plan for 2009 were \$80,698, which represents 3.5% of covered payroll.

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# CITY OF GREENSBURG

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

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Administrative costs, including investment, custodial trustee, and actuarial services are charged to the appropriate plan and funded from investment earnings.

The City's annual pension cost and related information for the Non-Uniformed Plan is as follows:

	<u>Non-Uniformed Employees</u>
Annual pension cost	\$ 25,450
Contributions made	\$ 25,450
Actuarial valuation date	1/1/2009
Amortization method	Level Dollar
Actuarial cost method	Entry Age Normal
Asset valuation method	Market
Amortization period	14.33 years
Actuarial assumptions:	
Investment rate of return	6.00%
Projected salary increases	4.50%
Underlying inflation rate	N/A

The City has no net pension asset or obligation as of December 31, 2009 calculated as follows:

Annual required contribution	\$ 25,450
Interest on NPO	-
Adjustments to the ARC	-
Annual pension cost	25,450
Contribution made	25,450
Change in NPO	-
NPO, 12/31/2008	-
NPO, 12/31/2009	<u>\$ -</u>

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# CITY OF GREENSBURG

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

### Non-Uniformed Plan – Three-Year Trend Information

<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
12/31/2007	\$ 11,594	100.0%	\$ -
12/31/2008	17,991	100.0%	-
12/31/2009	25,450	100.0%	-

### Non-Uniformed Plan - Funded Status

The City's funded status and related information as of the latest actuarial valuation date, January 1, 2009, is as follows:

<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) Entry Age</u>	<u>Excess of Assets Over (Under) AAL</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Excess (Deficiency) as a Percentage of Covered Payroll</u>
\$ 9,416,176	\$ 9,097,539	\$ 318,637	103.50%	\$2,322,047	13.72%

The required schedule of funding progress included as required supplementary information immediately following the notes to financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The schedule of funding progress also lists key changes in assumptions that occurred for the January 1, 2009 actuarial valuation.

## 9. OTHER POSTEMPLOYMENT BENEFITS

In addition to the pension benefits disclosed in Note 8, the City has provided for certain postemployment benefits, other than pension benefits, to be provided to retirees or their beneficiaries. Postemployment benefits consist of healthcare, dental, vision, and life insurance coverage for eligible employees and their spouses. The benefits, benefit levels, employee contributions, and employer contributions are governed by the City and can be amended by the City through its personnel manual and union contracts.

The City does not have a formal plan document for the other postemployment benefit Plan (OPEB Plan), but it operates as a single-employer defined benefit plan. Actuarial data for the OPEB Plan is split into two categories of employees corresponding to the City's pension

# CITY OF GREENSBURG

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

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plans: police and non-uniformed (union and non-union). Stand-alone financial statements are not issued for the plan.

### Description

The provisions for the Police Department cover healthcare, dental, and vision expenses for the retiree and the retiree's spouse up to a certain dollar amount linked to the annual cost of husband/wife coverage until each individual reaches Medicare eligibility (normally, age 65). Retirees are also provided an \$8,000 life insurance policy.

The provisions for the Non-Uniformed Employees (Union and Non-Union members) cover healthcare expenses up to a specified dollar amount for the retiree and the retiree's spouse if the participant retired after age 55 with 20 years of service or after age 62 regardless of service until the retiree reaches Medicare eligibility (normally, age 65). Retirees are also provided a \$2,000 life insurance policy.

### Funding Policy

The contribution requirements of OPEB Plan members and the City are established and may be amended by the City. The OPEB Plan is not funded. The City's contribution is based on projected pay-as-you-go financing requirements. In 2009, the City contributed \$56,676 to the OPEB Plan, all of which was for current premiums. OPEB Plan members receiving benefits contributed \$19,852, or approximately 26 percent of the total premiums by paying the excess of the maximum amount to be paid by the City.

### Annual OPEB Cost and Net OPEB Obligation

The City's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45, *"Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions."* The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the OPEB Plan, and changes in the City's net OPEB obligation:

# CITY OF GREENSBURG

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

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	Police	Non-Uniformed, Non-Union	Non-Uniformed, Union	Total
Annual required contribution	\$ 350,083	\$ 14,813	\$ 13,810	\$ 378,706
Interest on net OPEB obligation	15,754	666	622	17,042
Adjustment to annual required contribution	(21,492)	(909)	(848)	(23,249)
Annual OPEB cost	344,345	14,570	13,584	372,499
Contributions made	56,211	-	465	56,676
Increase (decrease) in net OPEB obligation	288,134	14,570	13,119	315,823
Net OPEB obligation (asset) beginning of year	350,083	14,813	13,810	378,706
Net OPEB obligation (asset) end of year	<u>\$ 638,217</u>	<u>\$ 29,383</u>	<u>\$ 26,929</u>	<u>\$ 694,529</u>

### Three-Year Trend Information

Year Ending	Annual OPEB Cost (AOC)	Percentage of AOC Contributed	Net OPEB Obligation (Asset)
<b>Police:</b>			
December 31, 2009	\$ 344,345	16.3%	\$ 3,389,174
December 31, 2008	350,083	0.0%	3,039,091
December 31, 2007	N/A	N/A	N/A
<b>Non-Uniformed, Non-Union:</b>			
December 31, 2009	\$ 14,570	0.0%	\$ 177,700
December 31, 2008	14,813	0.0%	162,887
December 31, 2007	N/A	N/A	N/A
<b>Non-Uniformed, Union:</b>			
December 31, 2009	\$ 13,584	3.4%	\$ 170,429
December 31, 2008	13,810	0.0%	156,619
December 31, 2007	N/A	N/A	N/A

### Funded Status and Funding Progress

As of January 1, 2008, the most recent actuarial valuation date, the OPEB Plan is unfunded. The actuarial accrued liability for benefits was \$3,358,597, and the OPEB Plan had no assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,358,597. The covered payroll (annual payroll of active employees covered by the OPEB Plan) was \$4,356,664, and the ratio of the UAAL to the covered payroll was 77 percent.

# CITY OF GREENSBURG

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

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Actuarial valuations of an ongoing OPEB Plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the OPEB Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress – other postemployment benefits, presented as required supplementary information following the notes to financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

### Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive OPEB Plan (the OPEB Plan as understood by the employer and the OPEB Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and OPEB Plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

	<u>Police and Non-Uniformed</u>
Actuarial valuation date	1/1/2008
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar Open
Asset valuation method	N/A - the OPEB Plan is unfunded
Remaining amortization period	30 years
Actuarial assumptions:	
Investment rate of return	4.5% per year (unfunded OPEB Plan)



# CITY OF GREENSBURG

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

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Health care inflation rate		
Year	Medical/RX	Dental/Vision
2008-2010	9.00%	5.00%
2011	8.00%	5.00%
2012	7.00%	5.00%
2013	6.00%	5.00%
2014 and later	5.00%	5.00%

### 10. DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan (plan) created in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits them to defer a portion of their salary until future years. The City does not contribute to the plan or match employees' contributions. Participation in the plan is optional. The funds are not available to employees until termination, retirement, death, or unforeseeable emergency. At December 31, 2009, all amounts of compensation deferred under the plan were held in trust solely for the benefit of the participants. Investments are managed by the plan's trustee under several investment options selected by the participant. Deferred compensation assets at December 31, 2009 totaled \$1,892,074. Under the provisions of GASB Statement No. 32, *"Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans,"* the plan is not required to be included in the City's financial statements.

### 11. CONTINGENCIES

The City is involved in a number of other matters arising in the ordinary course of its operations. At present, management believes the ultimate outcome of these matters, after consideration of any applicable insurance coverage, will not be material to the financial statements taken as a whole.

The City maintains insurance through independent carriers for all types of business losses. Management believes the insurance coverage is sufficient to cover the City against potential losses.

## **Required Supplementary Information**

# CITY OF GREENSBURG

## SCHEDULES OF FUNDING PROGRESS

### POLICE AND NON-UNIFORMED PENSION PLANS

YEAR ENDED DECEMBER 31, 2009

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (a-b/c)
<b><u>Police:</u></b>						
1/1/2005	\$ 10,172,538	\$ 11,928,948	\$ (1,756,410)	85.28%	\$ 1,639,764	-107.11%
1/1/2007	10,577,825	13,162,295	(2,584,470)	80.36%	1,761,985	-146.68%
1/1/2009	11,979,021	15,600,858	(3,621,837)	76.78%	2,101,055	-172.38%
<b><u>Non-Uniformed Employees:</u></b>						
1/1/2005	\$ 7,970,367	\$ 6,922,057	\$ 1,048,310	115.14%	\$ 1,902,280	55.11%
1/1/2007	8,461,345	7,740,665	720,680	109.31%	2,108,666	34.18%
1/1/2009	9,416,176	9,097,539	318,637	103.50%	2,322,047	13.72%

See accompanying note to required supplementary information.

# CITY OF GREENSBURG

## SCHEDULES OF CONTRIBUTIONS FROM EMPLOYERS AND OTHER CONTRIBUTING ENTITIES

### POLICE AND NON-UNIFORMED PENSION PLANS

YEAR ENDED DECEMBER 31, 2009

<u>Fiscal Year Ending</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
<b><u>Police:</u></b>		
12/31/2004	\$ 498,296	100%
12/31/2005	520,378	101%
12/31/2006	529,626	101%
12/31/2007	689,973	101%
12/31/2008	711,005	101%
12/31/2009	681,757	101%
<b><u>Non-Uniformed Employees:</u></b>		
12/31/2004	\$ -	100%
12/31/2005	-	100%
12/31/2006	-	100%
12/31/2007	11,594	100%
12/31/2008	17,991	100%
12/31/2009	25,450	100%

See accompanying note to required supplementary information.

# CITY OF GREENSBURG

## NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2009

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The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

	<u>Police</u>	<u>Non-uniform</u>
Actuarial valuation date	1/1/2009	1/1/2009
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Level Dollar Closed	Level Dollar
Amortization period	7 years	14.33 years
Asset valuation method	4-year smoothing	Market
Actuarial assumptions:		
Investment rate of return	8.00%	6.00%
Projected salary increases	5.50%	4.50%
Underlying inflation rate	3.00%	N/A

# CITY OF GREENSBURG

## SCHEDULE OF FUNDING PROGRESS - OPEB PLAN

YEAR ENDED DECEMBER 31, 2009

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (a-b)	Funded Ratio (a/b)
1/31/2008	\$ -	\$ 3,358,597	\$ 3,358,597	0.0%
1/31/2007	N/A	N/A	N/A	N/A
1/31/2006	N/A	N/A	N/A	N/A

# CITY OF GREENSBURG

## POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEBs) FACTOR AND TRENDS USED IN ACTUARIAL VALUATION

YEAR ENDED DECEMBER 31, 2009

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

	<u>Police and Non-Uniformed</u>	
Actuarial valuation date	1/1/2008	
Actuarial cost method	Entry Age Normal	
Amortization method	Level Dollar Open	
Asset valuation method	N/A - the OPEB Plan is unfunded	
Remaining amortization period	30 years	
Actuarial assumptions:		
Investment rate of return	4.5% per year (unfunded OPEB Plan)	
Health care inflation rate		
<u>Year</u>	<u>Medical/RX</u>	<u>Dental/Vision</u>
2008-2010	9.00%	5.00%
2011	8.00%	5.00%
2012	7.00%	5.00%
2013	6.00%	5.00%
2014 and later	5.00%	5.00%

## **Additional Information**



COMBINING BALANCE SHEET  
OTHER GOVERNMENTAL FUNDS

	Special Revenue Funds				Capital Projects Funds			Total Other Governmental Funds
	Armstrong Fund	Motor Tax Fund	Greensburg Community Days Fund	St. Clair Park Concert Series Fund	Police Equipment Fund	Fire Department Capital Equipment Fund	Hutchinson Garage Reserve Fund	
<b>Assets</b>								
Cash and cash equivalents	\$ 1,335	\$ 196,039	\$ 71,795	\$ 43,036	\$ 43,087	\$ 588,712	\$ 45,509	\$ 1,143,377
Taxes receivables	-	-	-	-	-	-	-	104,960
Intergovernmental receivables	-	-	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 1,335</b>	<b>\$ 196,039</b>	<b>\$ 71,795</b>	<b>\$ 43,036</b>	<b>\$ 43,087</b>	<b>\$ 588,712</b>	<b>\$ 45,509</b>	<b>\$ 1,248,337</b>
<b>Liabilities and Fund Balance</b>								
Liabilities:								
Accounts payable	\$ -	\$ 14,932	\$ -	\$ 18,179	\$ 2,056	\$ -	\$ -	\$ 35,167
Deferred revenue	-	-	-	-	8,375	-	-	93,459
<b>Total Liabilities</b>	<b>-</b>	<b>14,932</b>	<b>-</b>	<b>18,179</b>	<b>10,431</b>	<b>-</b>	<b>-</b>	<b>128,626</b>
Fund Balance:								
Unreserved, undesignated	1,335	181,107	71,795	24,857	32,656	588,712	45,509	1,119,711
<b>Total Liabilities and Fund Balance</b>	<b>\$ 1,335</b>	<b>\$ 196,039</b>	<b>\$ 71,795</b>	<b>\$ 43,036</b>	<b>\$ 43,087</b>	<b>\$ 588,712</b>	<b>\$ 45,509</b>	<b>\$ 1,248,337</b>

# CITY OF GREENSBURG

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OTHER GOVERNMENTAL FUNDS

YEAR ENDED DECEMBER 31, 2009

	Special Revenue Funds			Capital Projects Funds				Total Other Governmental Funds
	Armstrong Fund	Motor Tax Fund	Greensburg Community Days Fund	St. Clair Park Concert Series Fund	Police Equipment Fund	Fire Department Capital Equipment Fund	Hutchinson Garage Reserve Fund	
<b>Revenues:</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 8,050	\$ -	\$ -	\$ 974,486
License and permits	-	-	-	-	1,370	-	-	1,370
Fines and forfeits	-	-	-	-	920	-	-	920
Charges for services	-	-	64,632	2,345	1,065	-	-	68,042
Intergovernmental revenue	-	313,038	-	-	113,098	-	-	426,136
Interest, rents, and royalties	-	1,012	548	221	258	2,322	155	7,113
Miscellaneous	500	-	13,070	85,367	-	5,472	-	104,409
Total revenues	500	314,050	78,250	87,933	124,761	7,794	155	1,582,476
<b>Expenditures:</b>								
Current:								
Department of Public Affairs and Safety	500	-	-	-	-	-	-	500
Department of Public Works	-	261,993	-	-	-	-	-	261,993
Department of Parks and Recreation	-	-	83,909	100,447	-	-	-	184,356
Capital outlay	-	-	-	-	171,032	21,846	-	192,878
Debt Service:	-	-	-	-	-	7,340	-	666,692
Principal	-	-	-	-	-	382	-	272,682
Interest	-	-	-	-	-	-	-	-
Total expenditures	500	261,993	83,909	100,447	171,032	29,568	-	1,579,101
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	-	52,057	(5,659)	(12,514)	(46,271)	(21,774)	155	3,375
<b>Other Financing Sources (Uses):</b>								
Transfers in	-	-	26,418	-	561,480	198,137	45,159	1,021,994
Transfers out	-	-	(13,989)	(8,887)	(521,853)	(1,433)	-	(895,397)
Proceeds from the sale of fixed assets	-	-	-	-	19,091	-	-	19,091
Total other financing sources (uses)	-	-	12,429	(8,887)	58,718	196,704	45,159	145,688
<b>Net Change in Fund Balance</b>	-	52,057	6,770	(21,401)	12,447	174,930	45,314	149,063
<b>Fund Balance:</b>								
Beginning of year, as restated	1,335	129,050	65,025	46,258	20,209	413,782	195	970,648
End of year	\$ 1,335	\$ 181,107	\$ 71,795	\$ 24,857	\$ 32,656	\$ 588,712	\$ 45,509	\$ 1,119,711

# CITY OF GREENSBURG

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL SPECIAL REVENUE FUNDS - BUDGETARY BASIS

YEAR ENDED DECEMBER 31, 2009

	Armstrong Fund			Motor Tax Fund		
	Budget Original/Final	Actual (Budgetary Basis)	Variance with Final Budget	Budget Original/Final	Actual (Budgetary Basis)	Variance with Final Budget
<b>Revenues:</b>						
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ 333,752	\$ 321,780	\$ (11,972)
Interest, rents, and royalties	-	-	-	2,906	1,012	(1,894)
Miscellaneous	500	500	-	31,912	-	(31,912)
Total revenues	500	500	-	368,570	322,792	(45,778)
<b>Expenditures:</b>						
Department of Public Affairs and Safety	500	500	-	-	-	-
Department of Public Works	-	-	-	402,743	266,424	136,319
Excess (Deficiency) of Revenues Over Expenditures	\$ -	\$ -	\$ -	\$ (34,173)	\$ 56,368	\$ 90,541

(Continued)

# CITY OF GREENSBURG

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL SPECIAL REVENUE FUNDS - BUDGETARY BASIS

YEAR ENDED DECEMBER 31, 2009  
(Continued)

	Greensburg Community Days Fund			St. Clair Park Concert Series Fund		
	Budget Original/Final	Actual (Budgetary Basis)	Variance with Final Budget	Budget Original/Final	Actual (Budgetary Basis)	Variance with Final Budget
<b>Revenues:</b>						
Charges for services	\$ 56,100	\$ 64,632	\$ 8,532	\$ 1,300	\$ 2,345	\$ 1,045
Interest, rents, and royalties	1,300	548	(752)	1,000	221	(779)
Miscellaneous	36,000	13,095	(22,905)	83,500	85,367	1,867
Total revenues	93,400	78,275	(15,125)	85,800	87,933	2,133
<b>Expenditures:</b>						
Department of Parks and Recreation	113,300	83,909	29,391	103,500	95,664	7,836
Excess (Deficiency) of Revenues Over Expenditures	(19,900)	(5,634)	14,266	(17,700)	(7,731)	(5,703)
<b>Other Financing Sources (Uses):</b>						
Transfers in	-	26,418	26,418	-	-	-
Proceeds from the sale of fixed assets	-	(13,989)	(13,989)	-	(8,887)	(8,887)
Total other financing sources (uses)	-	12,429	12,429	-	(8,887)	(8,887)
<b>Net Change in Fund Balance</b>	<b>\$ (19,900)</b>	<b>\$ 6,795</b>	<b>\$ 26,695</b>	<b>\$ (17,700)</b>	<b>\$ (16,618)</b>	<b>\$ (14,590)</b>
						(Concluded)

# CITY OF GREENSBURG

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL CAPITAL PROJECTS FUNDS AND DEBT SERVICE FUND - BUDGETARY BASIS

YEAR ENDED DECEMBER 31, 2009

	Police Equipment Fund			Fire Department Capital Equipment Fund		
	Budget Original/Final	Actual (Budgetary Basis)	Variance with Final Budget	Budget Original/Final	Actual (Budgetary Basis)	Variance with Final Budget
<b>Revenues:</b>						
Taxes	\$ 6,000	\$ 8,050	\$ 2,050	\$ -	\$ -	\$ -
License and permits	500	1,370	870	-	-	-
Fines and forfeits	1,500	920	(580)	-	-	-
Charges for services	1,800	1,065	(735)	-	-	-
Intergovernmental	487,200	82,473	(404,727)	-	-	-
Interest, rents, and royalties	1,400	258	(1,142)	7,500	2,322	(5,178)
Miscellaneous	-	-	-	-	5,472	5,472
Total revenues	498,400	94,136	(404,264)	7,500	7,794	294
<b>Expenditures:</b>						
Capital Outlay	594,725	168,976	425,749	215,000	21,846	193,154
Debt Service:						
Principal	-	-	-	7,722	7,340	382
Interest	-	-	-	-	382	(382)
Total expenditures	594,725	168,976	425,749	222,722	29,568	193,154
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(96,325)	(74,840)	21,485	(215,222)	(21,774)	193,448
<b>Other Financing Sources (Uses):</b>						
Transfers in	35,393	561,480	526,087	176,967	198,137	21,170
Transfers out	-	(521,853)	(521,853)	-	(1,433)	(1,433)
Proceeds from the sale of fixed assets	14,000	19,091	5,091	-	-	-
Total other financing sources (uses)	49,393	58,718	9,325	176,967	196,704	19,737
<b>Net Change in Fund Balance</b>	\$ (46,932)	\$ (16,122)	\$ 30,810	\$ (38,255)	\$ 174,930	\$ 213,185

(Continued)

# CITY OF GREENSBURG

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL CAPITAL PROJECT FUNDS AND DEBT SERVICE FUND - BUDGETARY BASIS

YEAR ENDED DECEMBER 31, 2009  
(Continued)

	Hutchinson Garage Reserve Fund			Debt Service Fund		
	Budget Original/Final	Actual (Budgetary Basis)	Variance with Final Budget	Budget Original/Final	Actual (Budgetary Basis)	Variance with Final Budget
<b>Revenues:</b>						
Taxes	\$ -	\$ -	\$ -	\$ 975,855	\$ 958,590	\$ (17,265)
Interest, rents, and royalties	-	155	155	12,000	2,597	(9,403)
Total revenues	-	155	155	987,855	961,187	(26,668)
<b>Expenditures:</b>						
Debt service:						
Principal	-	-	-	1,280,887	659,352	621,535
Interest	-	-	-	-	272,300	(272,300)
Total expenditures	-	-	-	1,280,887	931,652	349,235
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	-	155	155	(293,032)	29,535	322,567
<b>Other Financing Sources (Uses):</b>						
Transfers in	40,334	45,159	4,825	190,800	190,800	-
Transfer out	-	-	-	-	(349,235)	(349,235)
Proceeds of long-term debt	-	-	-	-	-	-
Total financing sources (uses)	40,334	45,159	4,825	190,800	(158,435)	(349,235)
<b>Net Change in Fund Balance</b>	\$ 40,334	\$ 45,314	\$ 4,980	\$ (102,232)	\$ (128,900)	\$ (26,668)

(Concluded)

# CITY OF GREENSBURG

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2009

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity number</u>	<u>Expenditures</u>
<u>U.S. Department of Transportation</u>			
Passed through the Pennsylvania Department of Transportation:			
Highway Planning and Construction:			
Local Critical Bridge Program	20.205	M125417000	\$ 49,824
Local Critical Bridge Program	20.205	M125416000	53,928
Hometown Streets Program	20.205	125467	<u>1,665,636</u>
Total U.S. Department of Transportation			<u>1,769,388</u>
<u>U.S. Department of Justice</u>			
Bulletproof Vest Partnership Program	16.607	N/A	1,654
Passed through the City of New Kensington, PA			
Recovery Act - Edward Byrne Memorial Justice Assistance			
Grant (JAG) Program / Grants To Units Of Local Government	16.804	2009SBB90589	<u>20,625</u>
Total U.S. Department of Justice			<u>22,279</u>
<u>U.S. Department of Housing and Urban Development</u>			
Community Development Block Grants/Brownfields			
Economic Development Initiative	14.246	N/A	<u>248,000</u>
Total Expenditures of Federal Awards			<u><u>\$ 2,039,667</u></u>

See accompanying note to schedule of expenditures of federal awards.

# **CITY OF GREENSBURG**

## **NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

YEAR ENDED DECEMBER 31, 2009

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### **1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Greensburg (City) and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of, the program financial statements.



# **City of Greensburg**

Independent Auditor's Report in Accordance  
with OMB Circular A-133

Year Ended December 31, 2009

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

City Council  
City of Greensburg

We have audited the financial statements of the City of Greensburg, (City) Pennsylvania as of and for the year ended December 31, 2009, and have issued our report thereon dated August 9, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness (2009-1).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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

City Council  
City of Greensburg  
Independent Auditor's Report on Internal Control over  
Financial Reporting and on Compliance and Others Matters

results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we reported to management of the City in a separate letter dated August 9, 2010.

\* \* \* \* \*

This report is intended solely for the information and use of management, Council Members, and others within the City, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Maher Duessel*

Pittsburgh, Pennsylvania  
August 9, 2010

Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

City Council  
City of Greensburg

Compliance

We have audited the compliance of the City of Greensburg, (City) Pennsylvania, with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that is applicable to its major federal program for the year ended December 31, 2009. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit*. Those standards and *OMB Circular A-133* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2009.

Internal Control over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program

City Council  
City of Greensburg  
Independent Auditor's Report on Compliance with Requirements  
Applicable to Each Major Federal Program and on Internal Control

on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

\* \* \* \* \*

This report is intended solely for the information and use of management, City Council, others within the City, and federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Maher Duessel*

Pittsburgh, Pennsylvania  
August 9, 2010

# CITY OF GREENSBURG

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2009

1. Summary of Auditor's Results:

- i. The auditor's report on the financial statements expresses an unqualified opinion.
- ii. There was a material weakness in internal control that was disclosed by the audit of the financial statements.
- iii. No instances of noncompliance material to the financial statements of, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- iv. There were no significant deficiencies or material weaknesses in internal control over its major federal program disclosed during the audit.
- v. The auditor's report on compliance for its major federal program was an unqualified opinion.
- vi. The audit disclosed findings that are required to be reported in accordance with Section 510(a) of the OMB Circular A-133 are reported in this schedule.
- vii. The major federal program was:
  - a.) Highway Planning and Construction 20.205
- viii. The dollar threshold used to distinguish between type A and type B programs was \$300,000.
- ix. The City of Greensburg was not considered to be a low risk auditee.

2. Findings related to primary government financial statements which are required to be reported in accordance with GAGAS:

**FINDING: 2009-1- Internal Control over Financial Accounting and Reporting**

Condition: Under the auditing standard, "*Communicating Internal Control Related Matters Identified in an Audit*," emphasis is placed on an organization's ability to produce its financial statements in accordance with accounting principles generally accepted in the United States of America applicable to governmental entities (GAAP). If an entity relies upon its auditors to assist them in producing GAAP financial statements, as has been, and continues to be, true for many local governmental entities, the auditor is required to communicate a significant deficiency or material weakness related to financial reporting.

During the audit process, fund balance and net assets were restated by the auditors for various reasons:

The following restatements were made to beginning fund balances in the fund financial statements: 1) the invested in capital assets, net of related debt in the parking revenue fund

# CITY OF GREENSBURG

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2009

was restated at January 1, 2009 to properly allocate the fixed assets between the governmental and proprietary funds resulting in an increase to invested in capital assets, net of related debt by \$315,843; 2) as the other postemployment benefits liability should only be recorded in the government-wide financial statements for governmental funds, the unreserved fund balance in the General Fund was restated at January 1, 2009 to remove the liability from the fund financial statements resulting in an increase to unreserved fund balance of \$377,951; and 3) various other minor restatements to fund balance.

The following restatements were made to beginning net assets in the government-wide financial statements: 1) the invested in capital assets, net of related debt was restated at January 1, 2009 to properly reflect the land value at December 31, 2008, to capitalize assets not previously capitalized, and properly allocate assets between the governmental and proprietary funds resulting in a decrease in invested in capital assets, net of related debt of \$1,054,891; 2) unrestricted net assets were restated at January 1, 2009 to implement the Governmental Accounting Standards Board (GASB) Statement No. 33, *"Accounting and Financial Reporting for Non-exchange Transactions,"* for earned income taxes resulting in an increase in unrestricted net assets of \$742,076; 3) net assets were restated at January 1, 2009 to record the net pension asset at December 31, 2008 resulting in an increase to net assets of \$95,322; and 4) unrestricted net assets were restated at January 1, 2009 to properly reflect taxes receivable at December 31, 2008 resulting in a decrease to unrestricted net assets of \$76,567.

During the audit process, the following various other adjustments were made to the City records, in order that the financial statements could be prepared in accordance with accounting principles generally accepted in the United States of America (GAAP financials): 1.) to summarize the pension trust fund statements for presentation in the financial statements and 2.) to record the GASB Statement No. 34 conversion entries.

Criteria: Under the aforementioned auditing standard more emphasis has been placed on determining an entity's ability to fully prepare their own external financial statements, including the posting of all adjustments necessary to present GAAP financials, and evaluating the need for all necessary financial statement disclosures.

Effect: Adjustments and restatements were required to be recorded in order to ensure that the financial statements were prepared in accordance with GAAP.

Cause: While the City maintains the information necessary to record all adjustments, these adjustments were not prepared and posted to the City's general ledger prior to the audit nor does the City have the level of expertise to evaluate that all the footnote disclosures required by GAAP are properly included in the financial statements.

Recommendation: We recommend that management record all adjustments required to ensure the City records are maintained in accordance with GAAP.

Management's Response: Management agrees with this finding; see the separate Corrective Action Plan.

# **CITY OF GREENSBURG**

## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**YEAR ENDED DECEMBER 31, 2009**

3. Findings and questioned costs for major federal award programs:

**No matters were reported.**

4. Findings and questioned costs for federal awards.

**No matters were reported.**



# **CITY OF GREENSBURG**

## **SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**YEAR ENDED DECEMBER 31, 2009**

**NONE**