

# **City of Greensburg**

## **Financial Statements and Required Supplementary Information and Supplementary Information**

**Year Ended December 31, 2011  
with Independent Auditor's Report**

**MaherDuessel**  
Certified Public Accountants

Pittsburgh | Harrisburg | Butler

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# **CITY OF GREENSBURG**

YEAR ENDED DECEMBER 31, 2011

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# CITY OF GREENSBURG

YEAR ENDED DECEMBER 31, 2011

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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 unit, 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, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City'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%, 3%, and 6%, 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. 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 unit, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund, the 2005 General Obligation Note Fund, and Debt Service Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages i through vi and the pension and OPEB information on pages 52 through 56 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The combining and individual nonmajor fund financial statements, are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Maher Duessel*

Pittsburgh, Pennsylvania  
August 16, 2012

**CITY OF GREENSBURG  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2011**

As management of the City of Greensburg (City), we offer readers of the City's financial statements (financial statements) this narrative overview and analysis of the financial performance of the City for the fiscal year ended December 31, 2011. Please read this Management's Discussion and Analysis in conjunction with the financial statements which follow in order to obtain a thorough understanding of the City's financial condition at December 31, 2011.

**FINANCIAL HIGHLIGHTS**

- The City's net assets, as presented, were \$23,522,248 at December 31, 2011, an increase of \$951,290 from 2010.
- At the end of the current fiscal year, the City had total bonds and notes outstanding of \$7,405,000.
- Revenues of the City's governmental funds based upon the fund financial statements were \$18,705,746 which includes proceeds from the sale of fixed assets and proceeds from issuance of 2011 Bonds. Expenses amounted to \$17,271,485.
- Revenues of the City's business-type activities were \$2,056,461 for 2011 and expenses amounted to \$1,012,981.
- The real estate tax millage rate remained at 25.05 mills for 2011.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This overview is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to financial statements. This report also contains other required supplementary information and supplementary information in addition to the basic financial statements themselves.

**Government-wide Financial Statements** - The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. These statements report on the City's net assets and how they have changed.

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

The *statement of activities* presents information showing how the City's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements indicate that the functions of the City are principally supported by taxes and intergovernmental revenue (*governmental activities*.) The City also participates in functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City encompass general government, public safety, public works, culture and recreation, and debt service activities. The business-type activities include parking operations.

**Fund Financial Statements** - A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local government agencies, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The City reports governmental funds, proprietary funds, and fiduciary funds.

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

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

The City maintained 12 governmental funds during 2011. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balance for the General Fund, 2005 General Obligation Note Fund, and Debt Service Fund which are considered major funds. The other governmental funds are the Armstrong Fund, the Motor Tax Fund, Greensburg Community Days Fund, St. Clair Park Concert Series Fund, Grant Fund, 2003 General Obligation Bond Fund, Police Equipment Fund, Fire Department Capital Equipment Fund, and the Hutchinson Garage Reserve Fund. Data from these other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these other governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual appropriated budget for its governmental funds. A budgetary comparison statement has been provided for these funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 3 through 5 of this report.

**Proprietary Funds** - The City maintains two proprietary funds. An Enterprise Fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an Enterprise Fund to account for its parking operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Parking Revenue Fund and the Hutchinson Garage Fund.

The basic proprietary fund financial statements can be found on pages 10 through 12 of this report.

**Fiduciary Funds** - *Fiduciary funds* are used to account for assets held in a trustee capacity. The City's fiduciary funds consist of two agency funds: the Payroll Clearing Fund and the Special Fund and two trust funds: the Police Pension Fund and the Thomas Lynch Concert Fund.

Fiduciary funds are reported on the accrual basis of accounting whereas revenues are recorded when earned and expenses are recorded when a liability is incurred.

The fiduciary funds financial statements can be found on pages 13 through 14 of this report.

**Notes to Financial Statements** - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on pages 15 through 51 of this report.

**Required Supplementary Information** - This section of the report contains certain pension information and OPEB information required by accounting principles generally accepted in the United States of America. This information can be found on pages 52 through 56 of this report.

**Supplementary Information** - In addition to the basic financial statements and accompanying notes, this report also includes the combining statements referred to earlier in connection with the other governmental funds and fiduciary funds. These can be found on pages 57 through 63 of this report.

## FINANCIAL ANALYSIS OF THE CITY

As noted earlier, net assets may serve over time as a useful indicator of a government agency's financial position. Net assets increase when revenues exceed expenses. In the case of the City, assets exceeded liabilities by \$23,522,248 at the close of the fiscal year.

A condensed summary of the City's net assets at December 31, 2011 and 2010 is as follows.

	2011	2010	Variance
<b>Assets</b>			
Current and other assets	\$ 7,018,857	\$ 8,501,248	\$ (1,482,391)
Capital assets, net	26,508,666	24,640,165	1,868,501
<b>Total Assets</b>	33,527,523	33,141,413	386,110
<b>Liabilities</b>			
Current and other liabilities	1,968,901	1,822,304	146,597
Non-current liabilities	8,036,374	8,748,151	(711,777)
<b>Total Liabilities</b>	10,005,275	10,570,455	(565,180)
<b>Net Assets</b>			
Invested in capital assets, net of related debt	18,564,851	18,364,161	200,690
Restricted	1,440,186	2,274,988	(834,802)
Unrestricted	3,517,211	1,931,809	1,585,402
<b>Total Net Assets</b>	<u>\$ 23,522,248</u>	<u>\$ 22,570,958</u>	<u>\$ 951,290</u>

The increase in assets is mainly due to an increase in cash and cash equivalents.

The City has short-term obligations and they include accounts payables, unearned revenues, liabilities payable from restricted assets, other postemployment benefits and long-term liabilities that come due within one year. Decreases in current and other liabilities were mainly due to decreases in accounts payables.



A condensed summary of the City's change in net assets for the fiscal years ended December 31, 2011 and 2010 for all funds is as follows:

	Governmental Activities		Business-type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Program revenues:						
Charges for services	\$ 1,635,519	\$ 1,659,878	\$ 2,046,827	\$ 1,940,468	\$ 3,682,346	\$ 3,600,346
Operating grant and contributions	1,089,800	1,045,158	-	-	1,089,800	1,045,158
Capital grants and contributions	710,655	865,966	-	-	710,655	865,966
General revenues:						
Property taxes	3,067,652	3,110,028	-	-	3,067,652	3,110,028
Earned income tax	2,992,695	2,675,644	-	-	2,992,695	2,675,644
Business privilege tax	401,028	414,843	-	-	401,028	414,843
Local services tax	622,626	607,572	-	-	622,626	607,572
Other taxes	243,971	304,024	-	-	243,971	304,024
Interest, rents, and royalties	4,984	15,044	45,805	60,573	50,789	75,617
Franchise fees	250,776	231,359	-	-	250,776	231,359
Gain on sale of fixed assets	22,580	9,541	-	(44,836)	22,580	(35,295)
Loss on sale of fixed assets	(29,464)	-	(545)	-	(30,009)	-
Miscellaneous income	178,507	298,839	9,634	10,660	188,141	309,499
Internal transfers	(515,157)	1,071,899	515,157	(1,071,899)	-	-
Total revenues	10,676,172	12,309,795	2,616,878	894,966	13,293,050	13,204,761
Program expenses:						
Public affairs and safety	5,038,183	5,110,969	-	-	5,038,183	5,110,969
Accounts and finance	1,450,211	1,328,625	-	-	1,450,211	1,328,625
Administrative development	1,268,643	912,978	-	-	1,268,643	912,978
Public works	1,620,539	1,904,195	-	-	1,620,539	1,904,195
Parks and recreation	1,636,437	1,596,846	-	-	1,636,437	1,596,846
Interest	215,884	251,099	-	-	215,884	251,099
Parking activities	-	-	1,111,863	1,000,120	1,111,863	1,000,120
Total expenses	11,229,897	11,104,712	1,111,863	1,000,120	12,341,760	12,104,832
<b>Change in Net Assets</b>	(553,725)	1,205,083	1,505,015	(105,154)	951,290	1,099,929
Net Assets - Beginning	14,505,707	13,300,624	8,065,251	8,170,405	22,570,958	21,471,029
Net Assets - Ending	\$ 13,951,982	\$ 14,505,707	\$ 9,570,266	\$ 8,065,251	\$ 23,522,248	\$ 22,570,958

## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of 2011, the City's governmental funds reported combined ending fund balances of \$4,584,636. \$2,118,524 of this amount constitutes *unassigned fund balance*.

The General Fund is the principal operating fund of the City. At the end of the current fiscal year, the *unassigned fund balance* of the General Fund was \$2,118,524.

## GENERAL FUND BUDGETARY HIGHLIGHTS

During the year, actual General Fund revenues increased 9% over budgetary estimates, or by \$782,838; expenditures were less than budgetary estimates by \$467,742 or 5%. The net change in fund balance had a positive variance of \$1,262,009 (actual versus budget) after calculating other financing sources (uses). A detailed budgetary comparison statement for the General Fund can be found on page 7 of this report.

## DEBT ADMINISTRATION

**Long-Term Debt** - At the end of the current fiscal year, the Borough had total bonds and loans outstanding of \$7,405,000 (not inclusive of capital leases and the mortgage payable). The total bonds and loans decreased by a net of \$943,041 during the current fiscal year.

A summary of the City's debt activity in 2011 follows:

Beginning balance, January 1, 2011	\$ 8,079,725
Additions	7,405,000
Repayments	<u>(8,079,725)</u>
Ending balance, December 31, 2011	<u>\$ 7,405,000</u>

More detailed information about the City's debt activity can be found in Note 6 to the financial statements.

## ECONOMIC OUTLOOK

As is the case with most local governments, the City is struggling to continue to provide its citizens the same level of service that they have come to expect over the years. The City is keeping a close eye on the state of the economy and its effect on the City's budget. The majority of the City's tax base is residential. Approximately, 34% of the total real estate assessed value is tax exempt, which presents unique challenges in balancing service demands with revenue streams. The City residents take pride in their community and maintain their neighborhoods. The City remains a very desirable place to live, work, and play.

There is very little vacant commercial land available for new construction. Most future commercial building will be through renovations and rebuilding of existing structures. Recent redevelopment plans have produced a Performing Arts Center for Seton Hill University, a new state office building, and an

addition to the Westmoreland County Courthouse. Seton Hill University is currently in the planning stages to construct a Center for the Dance and Visual Arts in the downtown area and the Westmoreland Museum of American Arts is planning an addition to their existing facility, also in the downtown. The City partnered with three of our neighboring communities in 2005 and adopted a strategic plan for multi-municipal planning purposes.

There was no tax increase in the 2011 General Fund budget and real estate taxes remained at 25.05 mills. The City took advantage of lower interest rates and refinanced all of its outstanding debt in 2011, realizing a savings of \$370,000 over the life of the debt.

The City Council and management continue to meet the ever increasing challenging of securing all monies due to the City and controlling expenditures in an effort to continue to provide outstanding service at a reasonable cost. The City offers many services, including the administration of police and fire protection, parks and recreation, public works, finance, and planning. The City community benefits from the coordination of these services and strong community leadership.

### **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact:

Fiscal Director  
City of Greensburg  
416 South Main Street  
Greensburg, PA 15601

# CITY OF GREENSBURG

## STATEMENT OF NET ASSETS

DECEMBER 31, 2011

				Component Unit
	Governmental	Business-Type	Total	Aerobic Center
	Activities	Activities	Primary	Municipal
			Government	Authority
<b>Assets</b>				
Cash and cash equivalents	\$ 4,337,763	\$ 662,497	\$ 5,000,260	\$ 143,069
Investments	-	-	-	55,702
Receivables:				
Taxes	1,468,781	-	1,468,781	-
Intergovernmental	172,523	-	172,523	-
Other	116,963	78,578	195,541	24,367
Prepays	2,243	-	2,243	-
Net pension asset	741	-	741	-
Restricted assets:				
Escrow accounts	25,400	-	25,400	-
Bond issue costs, net of amortization	153,368	-	153,368	-
Capital assets, not being depreciated	1,875,140	947,828	2,822,968	-
Capital assets, net of accumulated depreciation	15,524,046	8,161,652	23,685,698	491,062
<b>Total Assets</b>	<b>23,676,968</b>	<b>9,850,555</b>	<b>33,527,523</b>	<b>714,200</b>
<b>Liabilities</b>				
Accounts payable	399,730	18,657	418,387	10,926
Accrued interest	17,872	-	17,872	-
Other accrued liabilities	121,160	-	121,160	14,698
Unearned revenue	67,601	13,275	80,876	55,130
Liabilities payable from restricted assets	25,400	-	25,400	-
Other postemployment benefits liability	1,219,255	22,644	1,241,899	-
Bond premium, net of amortization	63,307	-	63,307	-
Non-current liabilities:				
Due within one year	1,013,180	40,402	1,053,582	14,300
Due in more than one year	6,797,481	185,311	6,982,792	15,143
<b>Total Liabilities</b>	<b>9,724,986</b>	<b>280,289</b>	<b>10,005,275</b>	<b>110,197</b>
<b>Net Assets</b>				
Invested in capital assets, net of related debt	9,681,084	8,883,767	18,564,851	491,062
Restricted for:				
Liquid fuels	295,354	-	295,354	-
Emergency assistance	1,121	-	1,121	-
Capital projects	1,058,514	-	1,058,514	-
Debt service	85,197	-	85,197	-
Unrestricted	2,830,712	686,499	3,517,211	112,941
<b>Total Net Assets</b>	<b>\$ 13,951,982</b>	<b>\$ 9,570,266</b>	<b>\$ 23,522,248</b>	<b>\$ 604,003</b>

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

# CITY OF GREENSBURG

## STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2011

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total Primary Government	Aerobic Center Municipal Authority
Governmental Activities:								
Department of Public Affairs and Safety	\$ 5,038,183	\$ 334,783	\$ 739,530	\$ 60,560	\$ (3,903,310)	\$ -	\$ (3,903,310)	\$ -
Department of Accounts and Finance	1,450,211	8,275	41,114	9,889	(1,390,933)	-	(1,390,933)	-
Department of Administrative Development	1,268,643	45,525	-	-	(1,223,118)	-	(1,223,118)	-
Development and Public Works	1,620,539	139,752	309,156	508,052	(663,579)	-	(663,579)	-
Department of Parks and Recreation	1,636,437	1,107,184	-	132,154	(397,099)	-	(397,099)	-
Interest	215,884	-	-	-	(215,884)	-	(215,884)	-
Total government activities	11,229,897	1,635,519	1,089,800	710,655	(7,793,923)	-	(7,793,923)	-
Business-Type Activities:								
Parking revenue fund	780,409	1,404,380	-	-	-	623,971	623,971	-
Hutchinson Garage Fund	331,454	642,447	-	-	-	310,993	310,993	-
Total business-type activities	1,111,863	2,046,827	-	-	-	934,964	934,964	-
Component Unit:								
Aerobic Center Municipal Authority	835,237	792,054	15,260	-	-	-	-	(27,923)
Total	\$ 13,176,997	\$ 4,474,400	\$ 1,105,060	\$ 710,655	(7,793,923)	934,964	(6,858,959)	(27,923)
General revenues:								
Taxes:								
Property taxes, levied for general purposes					3,067,652	-	3,067,652	-
Earned income tax					2,992,695	-	2,992,695	-
Business privilege tax					401,028	-	401,028	-
Local services tax					622,626	-	622,626	-
Other taxes levied for general purposes					243,971	-	243,971	-
Interest, rents, and royalties					4,984	45,805	50,789	-
Franchise fees					250,776	-	250,776	-
Gain on sale of fixed assets					22,580	-	22,580	-
Loss on sale of fixed assets					(29,464)	(545)	(30,009)	-
Miscellaneous income					178,507	9,634	188,141	-
Internal transfers					(515,157)	515,157	-	-
Total general revenues					7,240,198	570,051	7,810,249	(27,923)
Change in Net Assets					(553,725)	1,505,015	951,290	(27,923)
Net Assets:								
Beginning of year					14,505,707	8,065,251	22,570,958	631,926
Ending of year					\$ 13,951,982	\$ 9,570,266	\$ 23,522,248	\$ 604,003

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

# CITY OF GREENSBURG

## BALANCE SHEET GOVERNMENTAL FUNDS

DECEMBER 31, 2011

	General Fund	2005 General Obligation Note Fund	Debt Service Fund	Other Governmental Funds	Total
<b>Assets</b>					
Cash and cash equivalents	\$ 1,823,723	\$ 971,914	\$ 78,247	\$ 1,489,279	\$ 4,363,163
Receivables:					
Taxes (net)	1,367,791	-	100,990	-	1,468,781
Intergovernmental	-	168,216	-	4,307	172,523
Other	116,963	-	-	-	116,963
Prepays	2,243	-	-	-	2,243
<b>Total Assets</b>	<b>\$ 3,310,720</b>	<b>\$ 1,140,130</b>	<b>\$ 179,237</b>	<b>\$ 1,493,586</b>	<b>\$ 6,123,673</b>
<b>Liabilities and Fund Balance</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 144,686	\$ 178,020	\$ -	\$ 77,024	\$ 399,730
Other accrued liabilities	146,560	-	-	-	146,560
Deferred revenue	898,707	-	94,040	-	992,747
<b>Total Liabilities</b>	<b>1,189,953</b>	<b>178,020</b>	<b>94,040</b>	<b>77,024</b>	<b>1,539,037</b>
<b>Fund Balance:</b>					
Non-spendable	2,243	-	-	-	2,243
Restricted:					
Emergency assistance	-	-	-	1,121	1,121
Liquid fuels	-	-	-	295,354	295,354
Capital projects	-	962,110	-	96,404	1,058,514
Debt service	-	-	85,197	-	85,197
Committed :					
Community event	-	-	-	154,656	154,656
Capital projects	-	-	-	869,027	869,027
Unassigned	2,118,524	-	-	-	2,118,524
<b>Total Fund Balance</b>	<b>2,120,767</b>	<b>962,110</b>	<b>85,197</b>	<b>1,416,562</b>	<b>4,584,636</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 3,310,720</b>	<b>\$ 1,140,130</b>	<b>\$ 179,237</b>	<b>\$ 1,493,586</b>	<b>\$ 6,123,673</b>

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

# CITY OF GREENSBURG

## RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS

YEAR ENDED DECEMBER 31, 2011

**Total Fund Balance - Governmental Funds** \$ 4,584,636

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 \$30,176,227 and the accumulated depreciation is \$12,777,041. 17,399,186

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. 925,146

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. (1,219,255)

The net pension asset is not a financial resource and, therefore, it is not reported as an asset in governmental funds. 741

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	\$ (7,605,000)	
Capital leases obligations	(113,102)	
Compensated absences	(92,559)	
Accrued interest	<u>(17,872)</u>	(7,828,533)

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.

90,061

**Total Net Assets - Governmental Activities** \$ 13,951,982

The notes to 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, 2011

	General Fund	2005 General Obligation Note Fund	Debt Service Fund	Other Governmental Funds	Total
<b>Revenues:</b>					
Taxes	\$ 6,511,912	\$ -	\$ 827,217	\$ 14,800	\$ 7,353,929
Licenses and permits	385,159	-	-	6,130	391,289
Fines and forfeits	265,011	-	-	-	265,011
Charges for services	1,165,122	-	-	64,873	1,229,995
Intergovernmental revenue	810,473	491,698	-	368,456	1,670,627
Interest, rent, and earnings on investments	2,531	364	298	1,791	4,984
Miscellaneous	162,946	-	-	136,078	299,024
Total revenues	9,303,154	492,062	827,515	592,128	11,214,859
<b>Expenditures:</b>					
Department of Public Affairs and Safety	4,358,495	-	-	-	4,358,495
Department of Accounts and Finance	1,467,071	-	153,368	-	1,620,439
Department of Administrative Development	1,188,585	-	-	-	1,188,585
Development and Public Works	1,089,550	-	-	239,855	1,329,405
Department of Parks and Recreation	1,224,796	-	-	186,846	1,411,642
Capital outlay	-	557,340	-	313,889	871,229
Debt service:					
Principal	-	-	6,267,088	7,639	6,274,727
Interest	-	-	216,962	1	216,963
Total expenditures	9,328,497	557,340	6,637,418	748,230	17,271,485
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(25,343)	(65,278)	(5,809,903)	(156,102)	(6,056,626)
<b>Other Financing Sources (Uses):</b>					
Transfers in	1,880,000	1,000,000	218,880	310,669	3,409,549
Transfers out	(1,005,476)	(1,000,000)	(1,889,230)	(30,000)	(3,924,706)
Proceeds from issuance of 2011 Bonds	-	-	7,468,307	-	7,468,307
Proceeds from sale of fixed assets	17,505	-	-	5,075	22,580
Total other financing sources (uses)	892,029	-	5,797,957	285,744	6,975,730
<b>Net Change in Fund Balance</b>	866,686	(65,278)	(11,946)	129,642	919,104
<b>Fund Balance:</b>					
Beginning of year	1,254,081	1,027,388	97,143	1,286,920	3,665,532
End of year	\$ 2,120,767	\$ 962,110	\$ 85,197	\$ 1,416,562	\$ 4,584,636

The notes to 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, 2011

**Net Change in Fund Balance - Governmental Funds** \$ 919,104

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	\$ 469,727	
Less: depreciation expense, net of deletions	<u>535,583</u>	(65,856)

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 related to taxes increased (decreased) by this amount during the year. (25,957)

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:

Proceeds of new bonds	(7,405,000)	
Proceeds of new capital leases	(31,700)	
Premium and bond issue costs	90,061	
Repayment of note and bond principal	6,274,727	
Repayment of capital lease principal	<u>38,068</u>	(1,033,844)

Governmental funds do not report the net pension assets, as they are not considered a financial resource. The net pension asset was decrease by this amount during the year, converting it into a net pension obligation. (97,035)

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. (243,621)

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. (7,595)

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. 1,079

**Change in Net Assets of Governmental Activities** \$ (553,725)

The notes to 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, 2011

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 6,088,364	\$ 6,088,364	\$ 6,460,594	\$ 372,230
Licenses and permits	325,200	325,200	385,159	59,959
Fines and forfeits	288,275	288,275	265,011	(23,264)
Charges for services	1,149,568	1,149,568	1,165,122	15,554
Intergovernmental revenue	567,764	567,764	878,074	310,310
Interest, rent and earnings on investments	4,200	4,200	2,531	(1,669)
Miscellaneous	102,045	102,045	151,763	49,718
Total revenues	8,525,416	8,525,416	9,308,254	782,838
<b>Expenditures:</b>				
Department of Public Affairs and Safety	3,852,795	3,852,795	4,352,194	(499,399)
Department of Accounts and Finance	2,668,425	2,668,425	1,469,314	1,199,111
Department of Administrative Development	1,215,644	1,215,644	1,188,585	27,059
Development and Public Works	911,592	911,592	1,089,550	(177,958)
Department of Parks and Recreation	1,143,725	1,143,725	1,224,796	(81,071)
Total expenditures	9,792,181	9,792,181	9,324,439	467,742
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(1,266,765)	(1,266,765)	(16,185)	1,250,580
<b>Other Financing Sources (Uses):</b>				
Transfers in	1,880,000	1,880,000	1,880,000	-
Transfers out	(1,000,000)	(1,000,000)	(1,005,476)	(5,476)
Proceeds from the sale of fixed assets	600	600	17,505	16,905
Total other financing sources (uses)	880,600	880,600	892,029	11,429
<b>Net Change in Fund Balance</b>	<u>\$ (386,165)</u>	<u>\$ (386,165)</u>	<u>\$ 875,844</u>	<u>\$ 1,262,009</u>

The notes to 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, 2011

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Revenues:</b>				
Intergovernmental revenue	\$ 1,116,416	\$ 1,116,416	\$ 343,309	\$ (773,107)
Interest, rent, and earnings on investments	600	600	364	(236)
Total revenues	1,117,016	1,117,016	343,673	(773,343)
<b>Expenditures:</b>				
Capital outlay	1,686,744	1,686,744	400,190	1,286,554
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(569,728)	(569,728)	(56,517)	513,211
<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>\$ (569,728)</u>	<u>\$ (569,728)</u>	<u>\$ (56,517)</u>	<u>\$ 513,211</u>

The notes to 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)

### DEBT SERVICE FUND

YEAR ENDED DECEMBER 31, 2011

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 834,923	\$ 834,923	\$ 837,709	\$ 2,786
Interest, rent, and earnings on investments	1,000	1,000	298	(702)
Total revenues	835,923	835,923	838,007	2,084
<b>Expenditures:</b>				
Department of Accounts and Finance	-	-	153,368	(153,368)
Debt service:				
Principal	922,175	922,175	6,267,088	(5,344,913)
Interest	-	-	216,962	(216,962)
Total expenditures	922,175	922,175	6,637,418	(5,715,243)
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(86,252)	(86,252)	(5,799,411)	(5,713,159)
<b>Other Financing Sources (Uses):</b>				
Transfers in	218,880	218,880	218,880	-
Transfers out	-	-	(1,889,230)	(1,889,230)
Proceeds of long-term debt	-	-	7,468,307	7,468,307
Total other financing sources (uses)	218,880	218,880	5,797,957	5,579,077
<b>Net Change in Fund Balance</b>	<u>\$ 132,628</u>	<u>\$ 132,628</u>	<u>\$ (1,454)</u>	<u>\$ (134,082)</u>

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

# CITY OF GREENSBURG

## STATEMENT OF NET ASSETS PROPRIETARY FUNDS

DECEMBER 31, 2011

	Parking Revenue Fund	Hutchinson Garage Fund	Total Proprietary Fund Types
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 132,132	\$ 530,365	\$ 662,497
Receivables	75,848	2,730	78,578
Total current assets	207,980	533,095	741,075
Noncurrent assets:			
Land	938,368	9,460	947,828
Buildings and other property and equipment	11,120,303	3,192,799	14,313,102
Less: accumulated depreciation	(4,089,702)	(2,061,748)	(6,151,450)
Total noncurrent assets, net of depreciation	7,968,969	1,140,511	9,109,480
<b>Total Assets</b>	<b>\$ 8,176,949</b>	<b>\$ 1,673,606</b>	<b>\$ 9,850,555</b>
<b>Liabilities and Net Assets</b>			
Liabilities:			
Current liabilities:			
Accounts payable and other current liabilities	\$ 16,236	\$ 2,421	\$ 18,657
Current portion of capital lease payable	21,468	18,934	40,402
Deferred revenue	10,320	2,955	13,275
Total current liabilities	48,024	24,310	72,334
Long-term liabilities:			
Capital lease payable	98,466	86,845	185,311
OPEB liability	13,748	8,896	22,644
Total long-term liabilities	112,214	95,741	207,955
Total Liabilities	160,238	120,051	280,289
Net Assets:			
Invested in capital assets, net of related debt	7,849,035	1,034,732	8,883,767
Unrestricted	167,676	518,823	686,499
Total Net Assets	8,016,711	1,553,555	9,570,266
<b>Total Liabilities and Net Assets</b>	<b>\$ 8,176,949</b>	<b>\$ 1,673,606</b>	<b>\$ 9,850,555</b>

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

# CITY OF GREENSBURG

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS - PROPRIETARY FUNDS

YEAR ENDED DECEMBER 31, 2011

	Parking Revenue Fund	Hutchinson Garage Fund	Total Proprietary Fund Types
<b>Operating Revenues:</b>			
Charges for services	\$ 1,404,380	\$ 642,447	\$ 2,046,827
Other operating revenue	1,853	7,781	9,634
Total operating revenues	1,406,233	650,228	2,056,461
<b>Operating Expenses:</b>			
Department of Public Works	305,709	239,445	545,154
Depreciation	382,685	85,142	467,827
Total operating expenses	688,394	324,587	1,012,981
<b>Operating Income</b>	717,839	325,641	1,043,480
<b>Other Financing Sources (Uses):</b>			
Operating transfers in	1,894,706	-	1,894,706
Operating transfers out	(1,068,880)	(310,669)	(1,379,549)
Loss on disposal of asset	(545)	-	(545)
Interest, rents, and royalties	45,630	175	45,805
Interest expense	(92,015)	(6,867)	(98,882)
Total other financing sources (uses)	778,896	(317,361)	461,535
<b>Net Income</b>	1,496,735	8,280	1,505,015
<b>Net Assets:</b>			
Beginning of year	6,519,976	1,545,275	8,065,251
End of year	\$ 8,016,711	\$ 1,553,555	\$ 9,570,266

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

# CITY OF GREENSBURG

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

YEAR ENDED DECEMBER 31, 2011

	Parking Revenue Fund	Hutchinson Garage Fund	Total Proprietary Fund Types
<b>Cash Flows From Operating Activities:</b>			
Receipts from customers	\$ 1,416,201	\$ 653,438	\$ 2,069,639
Payment to employees	(37,894)	(21,097)	(58,991)
Payment to suppliers	(268,087)	(218,208)	(486,295)
Net cash provided by (used in) operating activities	<u>1,110,220</u>	<u>414,133</u>	<u>1,524,353</u>
<b>Cash Flows From Capital and Related Financing Activities:</b>			
Interfund transfers	825,826	(310,669)	515,157
Capital expenditures	(13,546)	(2,000)	(15,546)
Principal and interest on long-term debt	(1,889,230)	-	(1,889,230)
Principal and interest on capital leases	(28,124)	(24,805)	(52,929)
Net cash provided by (used in) capital and related financing activities	<u>(1,105,074)</u>	<u>(337,474)</u>	<u>(1,442,548)</u>
<b>Cash Flows From Investing Activities:</b>			
Interest, rents, and royalties	<u>45,630</u>	<u>175</u>	<u>45,805</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<u>50,776</u>	<u>76,834</u>	<u>127,610</u>
<b>Cash and Cash Equivalents:</b>			
Beginning of year	<u>81,356</u>	<u>453,531</u>	<u>534,887</u>
End of year	<u><u>\$ 132,132</u></u>	<u><u>\$ 530,365</u></u>	<u><u>\$ 662,497</u></u>
<b>Reconciliation of Operating Income to Net Cash Provided by (Used In) Operating Activities:</b>			
Operating income	\$ 717,839	\$ 325,641	\$ 1,043,480
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation	382,685	85,142	467,827
Changes in operating assets and liabilities:			
Accounts receivable	8,743	2,540	11,283
Accounts payable and other accrued liabilities	(2,932)	(965)	(3,897)
OPEB liability	2,660	1,105	3,765
Deferred revenue	1,225	670	1,895
Net cash provided by (used in) operating activities	<u><u>\$ 1,110,220</u></u>	<u><u>\$ 414,133</u></u>	<u><u>\$ 1,524,353</u></u>

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

# CITY OF GREENSBURG

## STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

DECEMBER 31, 2011

			Agency Funds		
	Pension Trust Fund Police Pension	Private Purpose Trust Fund - Thomas Lynch Concert Fund	Payroll Clearing Fund	Special Fund	Total
<b>Assets</b>					
Cash and cash equivalents	\$ -	\$ 61,039	\$ 7,554	\$ 82,641	\$ 151,234
Investments	13,053,928	-	-	-	13,053,928
Other receivables	21,622	-	-	-	21,622
<b>Total Assets</b>	<b>13,075,550</b>	<b>61,039</b>	<b>7,554</b>	<b>82,641</b>	<b>13,226,784</b>
<b>Liabilities</b>					
Funds held in fiduciary accounts	-	-	7,554	82,641	90,195
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>7,554</b>	<b>82,641</b>	<b>90,195</b>
<b>Net Assets Held in Trust</b>	<b>\$ 13,075,550</b>	<b>\$ 61,039</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 13,136,589</b>

The notes to 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, 2011

	Pension Trust Fund Police Pension	Private Purpose Trust Fund - Thomas Lynch Concert Fund	Total
<b>Additions:</b>			
Contributions:			
Commonwealth	\$ 582,525	\$ -	\$ 582,525
Employer	90,850	-	90,850
Employee	100,708	-	100,708
Total contributions	774,083	-	774,083
Investment income:			
Net appreciation (depreciation) in fair value of investment	(7,114)	-	(7,114)
Interest and dividends	311,513	69	311,582
Total investment income	304,399	69	304,468
Total additions	1,078,482	69	1,078,551
<b>Deductions:</b>			
Benefit payments	875,019	-	875,019
Administration/other fees	63,451	-	63,451
Total deductions	938,470	-	938,470
<b>Change in Net Assets</b>	140,012	69	140,081
<b>Net Assets:</b>			
Beginning of year	12,935,538	60,970	12,996,508
End of year	\$ 13,075,550	\$ 61,039	\$ 13,136,589

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

# CITY OF GREENSBURG

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

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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

**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.

#### 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.

# **CITY OF GREENSBURG**

## **NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2011**

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### 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.

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.

# CITY OF GREENSBURG

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

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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.

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:

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

# CITY OF GREENSBURG

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

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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* accounts for the revenue that is generated by the 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.
- 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.
- The *Grant Fund* is a Special Revenue Fund used solely for the pass through of grant monies.

*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 *2003 General Obligation Bond Fund*, the *Police Equipment Fund*, the *Fire Department Capital Equipment Fund*, and the *Hutchinson Garage Reserve Fund*.

# CITY OF GREENSBURG

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

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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.
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

# CITY OF GREENSBURG

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

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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 bases to the GAAP basis for the year ended December 31, 2011:

Excess of revenues and other financing sources	
over expenditures and other financing uses (budgetary basis)	\$ 875,844
Adjustments:	
To adjust revenues and other financing sources	
to the modified accrual basis	(5,100)
To adjust expenditures and other financing uses	
to the modified accrual basis	<u>(4,058)</u>
Excess of revenues and other financing sources over	
expenditures and other financing uses (GAAP basis)	<u>\$ 866,686</u>

# CITY OF GREENSBURG

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

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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 bases to the GAAP basis for the year ended December 31, 2011:

Deficiency of revenues and other financing sources over expenditures and other financing uses (budgetary basis)	\$ (56,517)
Adjustments:	
To adjust revenues and other financing sources to the modified accrual basis	148,389
To adjust expenditures and other financing uses to the modified accrual basis	<u>(157,150)</u>
Deficiency of revenues and other financing sources over expenditures and other financing uses (GAAP basis)	<u>\$ (65,278)</u>

The following is a reconciliation of the excess (deficiency) of revenues and other financing sources over expenditures and other financing uses for the Debt Service Fund between the budgetary bases to the GAAP basis for the year ended December 31, 2011:

Deficiency of revenues and other financing sources over expenditures and other financing uses (budgetary basis)	\$ (1,454)
Adjustments:	
To adjust revenues and other financing sources to the modified accrual basis	<u>(10,492)</u>
Deficiency of revenues and other financing sources over expenditures and other financing uses (GAAP basis)	<u>\$ (11,946)</u>

### Expenditures in Excess of Appropriations

In the General Fund, Public Affairs and Safety, Development and Public Works, and Parks and Recreation expenditures exceeded the appropriation. The excess appropriations were funded by excess revenues over budgeted revenues.

In the Debt Service Fund, all expenditures exceeded the appropriation as the appropriation did not take into account the 2011 bond refunding.

The Aerobic Center Municipal Authority did not adopt legally appropriated operating budgets for 2011.

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# CITY OF GREENSBURG

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

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### 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.

# CITY OF GREENSBURG

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

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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 \$500 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 were no material assets donated during 2011. 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

### Aerobic Center Municipal Authority Unearned Revenue

The unearned revenue of \$55,130 at December 31, 2011, as shown on the statement of net assets, represents memberships collected prior to December 31, 2011 which are applicable to the calendar year beginning January 1, 2012 and ending December 31, 2012.

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# CITY OF GREENSBURG

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

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### Compensated Absences

Vacation and personal time for non-uniformed employees must be used by year-end. Sick time for non-uniformed 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-uniformed 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 \$92,559 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 and Net Assets

GASB Statement No. 54 establishes accounting and financial standards for all governments that report governmental funds. 2011 is the year of initial adoption for GASB Statement No. 54 for the City. It establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions as follow:

#### Non-spendable

The non-spendable fund balance category includes amounts that cannot be spent because they are not in a spendable form, or legally or contractually required to be maintained intact.

# **CITY OF GREENSBURG**

## **NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2011**

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### Restricted

Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (City ordinances).

Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can be compelled by an external party, such as citizens, to use resources created by enabling legislation only for the purposes specified by the legislation.

### Committed

The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of the City Council. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable.

### Assigned

Amounts in assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the City Council or a City official delegated with that authority.

### Unassigned

Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from

# CITY OF GREENSBURG

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

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overspending for specific purposes for which amounts have been restricted, committed, or assigned.

The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first, followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

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.

### 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, 2011.

### Unreserved

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

### Government-wide Financial Statements: 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 \$295,354 related to liquid fuels, \$1,121 related to emergency assistance, \$1,058,514 related to the capital projects, and \$85,197 related to the debt service at December 31, 2011.

# CITY OF GREENSBURG

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

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- 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.”

### 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.

### Pending Pronouncements

GASB has issued Statement No. 61, *“The Financial Reporting Entity: Omnibus,”* effective for periods beginning after June 15, 2012. The objective of this statement is to improve financial reporting for a governmental financial reporting entity by modifying existing requirements for the assessment of potential component units. The effect of implementation of this statement has not yet been determined.

GASB has issued Statement No. 62, *“Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,”* effective for periods beginning after December 15, 2011. This statement establishes accounting and financial reporting standards for the financial reporting statements of state and local governments by bringing together reporting literature in one place with the guidance modified as necessary. The effect of implementation of this statement has not yet been determined.

GASB has issued Statement No. 63, *“Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position,”* effective for the year ending December 31, 2012. This statement establishes guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position. The effect of implementation of this statement has not yet been determined.

# CITY OF GREENSBURG

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

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GASB has issued Statement No. 67, "*Financial Reporting for Pension Plans*," effective for the year ending December 31, 2013. Statement 67 builds upon the existing framework for financial reports of defined benefit pension plans, which includes a statement of fiduciary net position and a statement of changes in fiduciary net position and enhances note disclosures and required supplementary information (RSI) for both defined benefit and defined contribution plans. In addition, this Statement requires the presentation of new information about annual money-weighted rates of return in the notes to the financial statements and in 10-year RSI schedules. The effect of implementation of this statement has not yet been determined.

GASB has issued Statement No. 68, "*Accounting and Financial Reporting for Pensions*," effective for fiscal years beginning after June 15, 2014. GASB Statement No. 68 requires governments providing defined benefit pensions to recognize the long-term obligation for their pension benefits as a liability for the first time and measure the annual costs of pension benefits more comprehensively and comparably. In addition, the Statement requires new note disclosures and RSI. The effect of implementation of this statement has not yet been determined.

### 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.

## **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.

# CITY OF GREENSBURG

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

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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, 2011, \$4,693,124 of the City’s bank balance of \$5,194,245 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 \$4,892,394 as of December 31, 2011.

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 \$133,266. The fair value of the City’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 AAA by Standard & Poor’s at December 31, 2011.

The funds in the Thomas Lynch Concert Series Fund, which is a private purpose trust fund, are held separately from those of other City funds. The entire balance of \$61,039 is held in an interest-bearing account at a local bank. The entire balance was not exposed to custodial credit risk at December 31, 2011.

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 \$90,195 are held in interest bearing accounts at a local bank. The entire balance was exposed to custodial credit risk at December 31, 2011.

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

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# CITY OF GREENSBURG

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

### 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, 2011, the City had the following cash and investments in its Pension Trust Fund:

Cash or Investment Type	Fair Market Value	Investment Maturities from December 31, 2011			
		Less than 1 year	1-5 Years	6-10 Years	More than 10 Years
U.S. Government Treasuries	\$ 1,199,354	\$ 231,503	\$ 660,114	\$ 48,525	\$ 259,212
U.S. Government Agencies	1,026,705	-	-	252,576	774,129
Corporate bonds	1,464,914	92,000	305,104	929,463	138,347
Municipal bonds	68,817	-	-	-	68,817
Mortgage pools	495,129	3,448	2,244	-	489,437
Collateralized mortgage obligations and asset backed securities	525,105	-	-	35,590	489,515
Total debt securities	4,780,024	\$ 326,951	\$ 967,462	\$ 1,266,154	\$ 2,219,457
Cash and cash equivalents	226,511				
Common stock	6,815,000				
Mutual funds	1,232,393				
<b>Total investments reported on statement of fiduciary net assets</b>	<b>\$ 13,053,928</b>				

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 & Poor's and Moody's, respectively. As of December 31, 2011, the Police Pension Trust Fund investments were rated the following by Moody's:

# CITY OF GREENSBURG

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

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### Credit Quality Distribution for Securities with Credit Exposure

Investment Type	Moody's Rating	% of Investment Type
U.S. Government Treasuries	AAA	100%
U.S. Government Securities	N/A	100%
Corporate Bonds	Aa2	12%
Corporate Bonds	Aa3	13%
Corporate Bonds	Aaa	16%
Corporate Bonds	A1	7%
Corporate Bonds	A2	31%
Corporate Bonds	A3	11%
Corporate Bonds	Baa1	7%
Municipal Bonds	Aa1	100%
Mortgage Pools	N/A	100%
Collateralized Mortgage Obligations and Asset Backed Securities	AAA	6%
Collateralized Mortgage Obligations and Asset Backed Securities	Aa1	5%
Collateralized Mortgage Obligations and Asset Backed Securities	Aa2	7%
Collateralized Mortgage Obligations and Asset Backed Securities	Aa3	3%
Collateralized Mortgage Obligations and Asset Backed Securities	Aaa	51%
Collateralized Mortgage Obligations and Asset Backed Securities	A2	10%
Collateralized Mortgage Obligations and Asset Backed Securities	A3	7%
Collateralized Mortgage Obligations and Asset Backed Securities	N/A	11%

*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.

# CITY OF GREENSBURG

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

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*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, 2011.

### **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, 2011, the Authority’s entire bank balance was insured by the Federal Deposit Insurance Corporation (FDIC). The deposits have carrying amounts of \$198,771 at December 31, 2011. \$143,069 is recorded as cash and cash equivalents on the statement of net assets. The remaining \$55,702 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, 2011 consisted of the following:

Comcast franchise fee	\$	64,001
Miscellaneous receivables		52,962
		<hr/>
	\$	116,963
		<hr/>

# CITY OF GREENSBURG

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

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### 4. INTERFUND TRANSFERS

Interfund transfers at December 31, 2011 are summarized below:

Fund	Transfers In	Transfers Out
Major Funds:		
General	\$ 1,880,000	\$ 1,005,476
2005 General Obligation Note	1,000,000	1,000,000
Debt Service Fund	218,880	1,889,230
Parking Revenue	1,894,706	1,068,880
Hutchinson Garage	-	310,669
Other Governmental	310,669	30,000
	<hr/>	<hr/>
Total	\$ 5,304,255	\$ 5,304,255
	<hr/>	<hr/>

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 2011 is as follows:

# CITY OF GREENSBURG

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

	Balance at January 1, 2011	Additions	Transfers/ (Deletions)	Balance at December 31, 2011
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,155,695	\$ -	\$ -	\$ 1,155,695
Construction in progress	283,660	435,785	-	719,445
	<u>1,439,355</u>	<u>435,785</u>	<u>-</u>	<u>1,875,140</u>
Capital assets, being depreciated:				
Buildings	8,788,029	115,633	-	8,903,662
Land improvements	1,703,320	-	-	1,703,320
Leasehold improvements	46,021	-	-	46,021
Equipment and vehicles	8,642,370	240,356	(441,513)	8,441,213
Infrastructure	9,087,405	119,466	-	9,206,871
	<u>28,267,145</u>	<u>475,455</u>	<u>(441,513)</u>	<u>28,301,087</u>
Less accumulated depreciation for:				
Buildings	(4,440,169)	(184,166)	-	(4,624,335)
Land improvements	(1,138,426)	(33,588)	-	(1,172,014)
Leasehold improvements	(10,355)	(2,301)	-	(12,656)
Equipment and vehicles	(5,986,480)	(521,715)	412,049	(6,096,146)
Infrastructure	(666,028)	(205,862)	-	(871,890)
	<u>(12,241,458)</u>	<u>(947,632)</u>	<u>412,049</u>	<u>(12,777,041)</u>
Total accumulated depreciation				
Governmental activities:				
Capital assets, net	<u>\$ 17,465,042</u>	<u>\$ (36,392)</u>	<u>\$ (29,464)</u>	<u>\$ 17,399,186</u>

# CITY OF GREENSBURG

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

	Balance at January 1, 2011	Additions	Transfers/ (Deletions)	Balance at December 31, 2011
<b>Business-Type Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 947,828	\$ -	\$ -	\$ 947,828
Capital assets, being depreciated:				
Land improvements	4,798,286	-	-	4,798,286
Buildings	8,795,989	-	-	8,795,989
Leasehold improvement	3,854	-	-	3,854
Infrastructure	166,029	-	-	166,029
Equipment and vehicles	534,488	4,442	(1,090)	537,840
	<u>14,298,646</u>	<u>4,442</u>	<u>(1,090)</u>	<u>14,301,998</u>
Less accumulated depreciation for:				
Land improvements	(1,150,986)	(211,716)	-	(1,362,702)
Buildings	(4,349,563)	(214,721)	-	(4,564,284)
Leasehold improvement	(867)	(193)	-	(1,060)
Infrastructure	(6,300)	(3,321)	-	(9,621)
Equipment and vehicles	(176,452)	(26,772)	545	(202,679)
Total accumulated depreciation	<u>(5,684,168)</u>	<u>(456,723)</u>	<u>545</u>	<u>(6,140,346)</u>
Business-type activities				
Capital assets, net	<u>\$ 9,562,306</u>	<u>\$ (452,281)</u>	<u>\$ (545)</u>	<u>\$ 9,109,480</u>

Depreciation expense was charged to governmental functions as follows:

Department of Public Affairs and Safety	\$ 320,961
Department of Accounting and Finance	4,753
Department of Administration Development	51,904
Department of Public Works	265,442
Department of Parks and Recreation	304,626
Total	<u>\$ 947,686</u>

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

Department of Public Works	<u>\$ 456,723</u>
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# CITY OF GREENSBURG

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

### Aerobic Center Municipal Authority

The capital assets of the Aerobic Center Municipal Authority consisted of the following major classes at December 31, 2011:

Building improvements	\$ 565,664
Furniture and fixtures	44,082
Machinery and equipment	451,093
Pool	290,576
	<u>1,351,415</u>
Accumulated depreciation	(860,353)
	<u>\$ 491,062</u>

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

Long-term liability activity for the City for year ended December 31, 2011 was as follows:

	Amounts Payable as of January 1, 2011	Additions	Repayment	Amounts Payable as of December 31, 2011	Due Within One Year
<i><u>Governmental Activities</u></i>					
G.O. Bonds	\$ 2,890,000	\$ 7,405,000	\$ (2,890,000)	\$ 7,405,000	\$ 975,000
G.O. Notes	3,384,727	-	(3,384,727)	-	-
Mortgage payable	200,000	-	-	200,000	-
Capital leases	119,470	31,700	(38,068)	113,102	38,180
Compensated absences	84,964	7,595	-	92,559	-
Total governmental activities	<u>6,679,161</u>	<u>7,444,295</u>	<u>(6,312,795)</u>	<u>7,810,661</u>	<u>1,013,180</u>
<i><u>Business-type Activities</u></i>					
G.O. Bonds	1,805,000	-	(1,805,000)	-	-
Capital leases	263,990	-	(38,277)	225,713	40,402
Total business-type activities	<u>2,068,990</u>	<u>-</u>	<u>(1,843,277)</u>	<u>225,713</u>	<u>40,402</u>
Total	<u>\$ 8,748,151</u>	<u>\$ 7,444,295</u>	<u>\$ (8,156,072)</u>	<u>\$ 8,036,374</u>	<u>\$ 1,053,582</u>

# CITY OF GREENSBURG

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

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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 a current refunding of the outstanding General Obligation Bonds, Series of 1993 of Greensburg Parking Authority.

The 2001 Bonds were current refunded through the issuance of the 2011 General Obligation Bonds. During the year ended December 31, 2011, the remaining principal balance of \$1,805,000 was paid. At December 31, 2011, there was no balance outstanding relating to the 2001 Bonds 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 were payable semi-annually, carried interest rates ranging from 3.95% to 5.00%, and were originally set to 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.

The 2003 Bonds were current refunded through the issuance of the 2011 General Obligation Bonds. During the year ended December 31, 2011, the remaining principal balance of \$2,890,000 was paid. At December 31, 2011, there was no outstanding balance relating to the 2003 Bonds recorded as governmental activities on the statement of net assets. The 2003 Bonds were payable semi-annually, carried interest rates ranging from 2.50% to 3.00%, and were originally set to mature through 2015.

#### ***2011 Bonds***

On October 4, 2011, the City issued General Obligation Bonds, Refunding Series of 2011 (2011 Bonds) in the amount of \$7,405,000. The proceeds of the 2011 Bonds were used for a current refunding of the outstanding General Obligation Bonds, Series of 2001, General Obligation Bond, Series of 2003, and General Obligation Note, Series of 2005.

At December 31, 2011, the amount outstanding relating to the 2011 Bonds was \$7,405,000. The 2011 Bonds carry interest rates ranging from 1.25% to 3.50% and mature through 2026.



# **CITY OF GREENSBURG**

## **NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2011**

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The Authority completed the 2011 refunding to obtain an economic gain (difference between the present values of the old and the new debt service payments) of approximately \$490, which was used to pay issuance costs. The refunding resulted in a decrease in future debt service payments of approximately \$147,000. A deferred refunding loss did not result from the issuance of the 2011 Bonds.

### 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.

The 2005 Note was currently refunded through the issuance of the 2011 General Obligation Bonds. During the year ended December 31, 2011, the remaining principal balance of \$3,377,086 was paid. At December 31, 2011, there was no outstanding balance relating to the 2005 Note recorded as governmental activities on the statement of net assets. The 2005 Note was payable semi-annually, carried an interest rate of 4.25%, and was originally set to mature through 2026.

#### ***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.

During 2011, the remaining principal balance of \$7,640 was paid. At December 31, 2011, there was no outstanding balance relating to the PEMA Note recorded as governmental activities on the statement of net assets. The PEMA Note was payable annually, carried a 2% interest rate, and matured in 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.

# CITY OF GREENSBURG

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

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

Governmental Activities :

Year Ending December 31,	Principal	Interest	Total
2012	\$ 975,000	\$ 202,311	\$ 1,177,311
2013	1,115,000	160,912	1,275,912
2014	1,145,000	127,462	1,272,462
2015	1,180,000	93,112	1,273,112
2016	770,000	78,362	848,362
2017-2021	1,190,000	293,034	1,483,034
2022-2026	1,230,000	117,738	1,347,738
	<u>\$ 7,605,000</u>	<u>\$ 1,072,931</u>	<u>\$ 8,677,931</u>

Obligations under Capital Leases

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.

In July 2010, the City entered into a lease agreement for parking garage equipment for the Bell and Hutchinson parking garages at a cost of \$168,397 and \$148,522, respectively. The lease bears interest at a rate of 5.55% and requires annual payments of principal and interest. The leases are secured by the equipment and will mature in 2016.

All of the aforementioned leases contain \$1 purchase options.

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

# CITY OF GREENSBURG

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

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Governmental Activities:

	Principal	Interest	Total Payments
2012	\$ 38,180	\$ 4,808	\$ 42,988
2013	23,954	3,146	27,100
2014	24,960	2,140	27,100
2015	26,008	1,092	27,100
	<u>\$ 113,102</u>	<u>\$ 11,186</u>	<u>\$ 124,288</u>

Business-type Activities :

Year Ending December 31,	Principal	Interest	Total
2012	\$ 40,402	\$ 12,527	\$ 52,929
2013	42,644	10,285	52,929
2014	45,011	7,918	52,929
2015	47,509	5,420	52,929
2016	50,147	2,783	52,930
	<u>\$ 225,713</u>	<u>\$ 38,933</u>	<u>\$ 264,646</u>

### **Aerobic Center Municipal Authority**

The long-term debt of the Aerobic Center Municipal Authority consists of a variable interest rate promissory note, dated December 11, 2008, with annual principal payments of \$1,191. The interest rate at December 31, 2011 was 4.75%. The balance outstanding at December 31, 2011 was \$29,443.

Annual debt service requirements for the promissory note are as follows:

	Principal
2012	\$ 14,300
2013	14,292
2014	851
	<u>\$ 29,443</u>

# CITY OF GREENSBURG

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

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### 7. REAL ESTATE TAX AND OTHER TAX LEVIES

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 2011, City real estate taxes were levied at the rate of 25.05 mills on assessed valuation (\$129,908,760), as follows:

General purposes	17.05 mills
Debt service	8.00 mills

The other taxes levied for 2011 were as follows:

Real estate transfer tax	0.50%
Local services tax	\$52
Earned income taxes	1.15%
Mechanical device tax	\$ 100
Mercantile tax, retail or wholesale	\$0.001 on each \$1 up to \$10,000
Business privilege tax	\$0.001 on each \$1 up to \$10,000

### 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.

#### 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

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# CITY OF GREENSBURG

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

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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, 2011, the date of the most recent actuarial valuation, participants in the Police Plan were as follows:

Retirees and beneficiaries	32
Active participants:	
Vested	18
Non-vested	8

### 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 2011, the City used the Commonwealth allocation of \$582,525 for its Police Plan. The remaining \$90,850 of MMO was paid by the General Fund.

Employee contributions to the Police Plan for 2011 were \$100,708, which represents 5% of covered payroll.

# CITY OF GREENSBURG

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

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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	\$ 770,410
Contributions made	\$ 673,375
Actuarial valuation date	1/1/2011
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar Closed
Amortization period	9 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%

The City has (a net pension asset) a negative net pension obligation (NPO) for the Police Plan as of December 31, 2011, calculated as follows:

	<u>Police</u>
Annual required contribution	\$ 771,535
Interest on NPO	(8,135)
Adjustment to the ARC	<u>7,010</u>
Annual pension cost	770,410
Contribution made	<u>673,375</u>
Change in NPO	97,035
NPO, December 31, 2010	<u>(97,776)</u>
NPO, December 31, 2011	<u><u>\$ (741)</u></u>

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# CITY OF GREENSBURG

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

### 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>
12/31/2009	\$ 686,780	100%	\$ (97,123)
12/31/2010	604,904	100%	(97,776)
12/31/2011	774,316	86%	5,052

### Police Plan - Funded Status

The City's funded status and related information as of the latest actuarial valuation date, January 1, 2011, 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>
\$ 13,182,329	\$ 17,245,026	\$ (4,062,697)	76.44%	\$2,315,469	(175.46)%

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, 2011 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, 2011, the date of the most recent valuation, participants in the plans were as follows:

# CITY OF GREENSBURG

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

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	<u>Non-Uniformed Employees</u>
Participants:	
Retirees and beneficiaries	29
Deferred vested	5
Active employees:	
Vested	35
Nonvested	15

### 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 2011, the MMO for the Non-Uniformed Plan was \$115,993, which was paid by the General Fund.

Employee contributions to the Non-Uniformed Plan for 2011 were \$75,932, which represents 3.5% of covered payroll.

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:



# CITY OF GREENSBURG

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

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	Non-Uniformed Employees
Annual pension cost	\$ 115,993
Contributions made	\$ 115,993
Actuarial valuation date	1/1/2011
Amortization method	Level Dollar
Actuarial cost method	Entry Age Normal
Asset valuation method	Asset Smoothing
Actuarial assumptions:	
Investment rate of return	6.00%
Projected salary increases	3.00%
Underlying inflation rate	N/A

The City does not have a net pension asset or obligation for the Non-Uniformed Plan as of December 31, 2011, calculated as follows:

Annual required contribution	\$ 115,993
Interest on NPO	-
Adjustments to the ARC	-
Annual pension cost	115,993
Contribution made	115,993
Change in NPO	-
NPO, 12/31/2010	-
NPO, 12/31/2011	\$ -

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# CITY OF GREENSBURG

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

### 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>
12/31/2009	\$ 25,450	100.0%	-
12/31/2010	29,030	100.0%	-
12/31/2011	115,993	100.0%	-

### Non-Uniformed Plan - Funded Status

The City's funded status and related information as of the latest actuarial valuation date, January 1, 2011, 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>
\$ 9,730,405	\$ 9,682,443	\$ 47,962	100.50%	\$2,290,250	2.09%

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, 2011 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, 2011

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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 2011, the City contributed \$76,643 to the OPEB Plan, all of which was for current premiums. OPEB Plan members receiving benefits contributed \$12,320 or approximately 14 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, 2011

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	Police	Non-Uniformed, Non-Union	Non-Uniformed, Union	Total
Annual required contribution	\$ 292,837	\$ 20,296	\$ 27,198	\$ 340,331
Interest on net OPEB obligation	38,488	2,685	3,580	44,753
Adjustment to annual required contribution	(52,508)	(3,663)	(4,884)	(61,055)
Annual OPEB cost	278,817	19,318	25,894	324,029
Contributions made	68,150	4,851	3,642	76,643
Increase (decrease) in net OPEB obligation	210,667	14,467	22,252	247,386
Net OPEB obligation (asset) beginning of year	914,843	39,634	40,036	994,513
Net OPEB obligation (asset) end of year	<u>\$ 1,125,510</u>	<u>\$ 54,101</u>	<u>\$ 62,288</u>	<u>\$ 1,241,899</u>

### Three-Year Trend Information

Year Ending	Annual OPEB Cost (AOC)	Percentage of AOC Contributed	Net OPEB Obligation (Asset)
<b>Police:</b>			
December 31, 2011	\$ 278,817	24.4%	\$ 1,125,510
December 31, 2010	339,496	18.5%	914,843
December 31, 2009	344,345	16.3%	638,217
<b>Non-Uniformed, Non-Union:</b>			
December 31, 2011	\$ 19,318	25.1%	\$ 54,101
December 31, 2010	14,358	28.6%	39,634
December 31, 2009	14,570	0.0%	29,383
<b>Non-Uniformed, Union:</b>			
December 31, 2011	\$ 25,894	14.1%	\$ 62,288
December 31, 2010	13,468	2.7%	40,036
December 31, 2009	13,584	3.4%	26,929

### Funded Status and Funding Progress

As of January 1, 2011, the most recent actuarial valuation date, the OPEB Plan is unfunded. The actuarial accrued liability for benefits was \$3,361,947, and the OPEB Plan had no assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,361,947. The covered payroll (annual payroll of active employees covered by the OPEB Plan) was \$4,605,719, and the ratio of the UAAL to the covered payroll was 73 percent.

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

# CITY OF GREENSBURG

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

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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	1/1/2011
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, 2011

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Health care inflation rate:

Year	Medical/RX	Dental/Vision
2012	8.00%	4.00%
2013	7.50%	4.00%
2014	7.00%	4.00%
2015	6.50%	4.00%
2016	6.00%	4.00%
2017	5.50%	4.00%
2018 and later	5.00%	4.00%

### 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, 2011, 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, 2011 totaled \$2,164,299. 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, 2011

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued 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>						
1/1/2007	\$ 12,382,229	\$ 14,245,985	\$ (1,863,756)	86.92%	\$ 1,894,442	-98.38%
1/1/2009	12,478,147	15,600,858	(3,122,711)	79.98%	2,101,055	-148.63%
1/1/2011	13,182,329	17,245,026	(4,062,697)	76.44%	2,315,469	-175.46%
<b><u>Non-Uniformed Employees:</u></b>						
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%
1/1/2011	9,730,405	9,682,443	47,962	100.50%	2,290,250	2.09%

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, 2011

<u>Fiscal Year Ending</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
<b><u>Police:</u></b>		
12/31/2006	\$ 529,626	101%
12/31/2007	689,973	101%
12/31/2008	711,005	101%
12/31/2009	681,757	101%
12/31/2010	598,799	101%
12/31/2011	771,535	87%
<b><u>Non-Uniformed Employees:</u></b>		
12/31/2006	\$ -	100%
12/31/2007	11,594	100%
12/31/2008	17,991	100%
12/31/2009	25,450	100%
12/31/2010	29,030	100%
12/31/2011	115,993	100%

See accompanying note to required supplementary information.

# CITY OF GREENSBURG

## NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2011

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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-Uniformed Employees</u>
Actuarial valuation date	1/1/2011	1/1/2011
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Level Dollar Closed	Level Dollar
Amortization period	9 years	N/A
Asset valuation method	4-year smoothing	Asset smoothing
Actuarial assumptions:		
Investment rate of return	8.00%	6.00%
Projected salary increases	5.50%	3.00%
Underlying inflation rate	3.00%	N/A

# CITY OF GREENSBURG

## SCHEDULE OF FUNDING PROGRESS OTHER POSTEMPLOYMENT BENEFIT PLANS

YEAR ENDED DECEMBER 31, 2011

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (a-b)	Funded Ratio (a/b)
1/31/2011	\$ -	\$ 3,361,947	\$ 3,361,947	0.0%
1/31/2008	-	3,358,597	3,358,597	0.0%
1/31/2005	N/A	N/A	N/A	N/A

# CITY OF GREENSBURG

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

YEAR ENDED DECEMBER 31, 2011

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	1/1/2011	
Actuarial cost method	Entry Age Normal	
Amortization method	Level Dollar Open	
Remaining amortization period	30 years	
Asset valuation method	N/A - the OPEB Plan is unfunded	
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>
2012	8.00%	4.00%
2013	7.50%	4.00%
2014	7.00%	4.00%
2015	6.50%	4.00%
2016	6.00%	4.00%
2017	5.50%	4.00%
2018 and later	5.00%	4.00%

## **Supplementary Information**

# CITY OF GREENSBURG

## COMBINING BALANCE SHEET OTHER GOVERNMENTAL FUNDS

DECEMBER 31, 2011

	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	Grant Fund	2003 General Obligation Bond Fund	Police Equipment Fund	Fire Department Capital Equipment Fund	Hutchinson Garage Reserve Fund	
<b>Assets</b>										
Cash and cash equivalents	\$ 1,121	\$ 297,182	\$ 74,416	\$ 80,340	\$ -	\$ 96,404	\$ 54,272	\$ 752,278	\$ 133,266	\$ 1,489,279
Taxes receivables	-	-	-	-	-	-	-	-	-	-
Intergovernmental receivables	-	4,307	-	-	-	-	-	-	-	4,307
<b>Total Assets</b>	<u>\$ 1,121</u>	<u>\$ 301,489</u>	<u>\$ 74,416</u>	<u>\$ 80,340</u>	<u>\$ -</u>	<u>\$ 96,404</u>	<u>\$ 54,272</u>	<u>\$ 752,278</u>	<u>\$ 133,266</u>	<u>\$ 1,493,586</u>
<b>Liabilities and Fund Balance</b>										
<b>Liabilities:</b>										
Accounts payable	\$ -	\$ 6,135	\$ -	\$ 100	\$ -	\$ -	\$ -	\$ 70,789	\$ -	\$ 77,024
Deferred revenue	-	-	-	-	-	-	-	-	-	-
<b>Total Liabilities</b>	<u>-</u>	<u>6,135</u>	<u>-</u>	<u>100</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>70,789</u>	<u>-</u>	<u>77,024</u>
<b>Fund Balance:</b>										
Restricted	1,121	295,354	-	-	-	96,404	-	-	-	392,879
Committed	-	-	74,416	80,240	-	-	54,272	681,489	133,266	1,023,683
<b>Total fund balance</b>	<u>1,121</u>	<u>295,354</u>	<u>74,416</u>	<u>80,240</u>	<u>-</u>	<u>96,404</u>	<u>54,272</u>	<u>681,489</u>	<u>133,266</u>	<u>1,416,562</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 1,121</u>	<u>\$ 301,489</u>	<u>\$ 74,416</u>	<u>\$ 80,340</u>	<u>\$ -</u>	<u>\$ 96,404</u>	<u>\$ 54,272</u>	<u>\$ 752,278</u>	<u>\$ 133,266</u>	<u>\$ 1,493,586</u>

# CITY OF GREENSBURG

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

YEAR ENDED DECEMBER 31, 2011

	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	Grant Fund	2003 General Obligation Bond Fund	Police Equipment Fund	Fire Department Capital Equipment Fund	Hutchinson Garage Reserve Fund	
<b>Revenues:</b>										
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,800	\$ -	\$ -	\$ 14,800
License and permits	-	-	-	-	-	-	6,130	-	-	6,130
Fines and forfeits	-	-	-	-	-	-	-	-	-	-
Charges for services	-	-	62,748	2,000	-	-	125	-	-	64,873
Intergovernmental revenue	-	307,896	-	-	-	-	60,560	-	-	368,456
Interest, rents, and royalties	-	347	208	77	-	108	86	924	41	1,791
Miscellaneous	-	16,354	13,850	98,304	1,320	-	-	6,250	-	136,078
Total revenues	-	324,597	76,806	100,381	1,320	108	81,701	7,174	41	592,128
<b>Expenditures:</b>										
Current:										
Department of Public Affairs and Safety	-	-	-	-	-	-	-	-	-	-
Department of Accounts and Finance	-	-	-	-	-	-	-	-	-	-
Department of Public Works	-	239,855	-	-	-	-	-	-	-	239,855
Department of Parks and Recreation	-	-	102,526	83,000	1,320	-	-	-	-	186,846
Capital outlay	-	-	-	-	-	-	90,506	223,383	-	313,889
Debt Service:										
Principal	-	-	-	-	-	-	-	7,639	-	7,639
Interest	-	-	-	-	-	-	-	1	-	1
Total expenditures	-	239,855	102,526	83,000	1,320	-	90,506	231,023	-	748,230
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	-	84,742	(25,720)	17,381	-	108	(8,805)	(223,849)	41	(156,102)
<b>Other Financing Sources (Uses):</b>										
Transfers in	-	-	26,532	-	-	-	39,797	198,987	45,353	310,669
Transfers out	-	-	-	-	-	-	(30,000)	-	-	(30,000)
Proceeds of debt issuance	-	-	-	-	-	-	-	-	-	-
Proceeds from the sale of fixed assets	-	-	-	-	-	-	5,075	-	-	5,075
Total other financing sources (uses)	-	-	26,532	-	-	-	14,872	198,987	45,353	285,744
<b>Net Change in Fund Balance</b>	-	84,742	812	17,381	-	108	6,067	(24,862)	45,394	129,642
<b>Fund Balance:</b>										
Beginning of year	1,121	210,612	73,604	62,859	-	96,296	48,205	706,351	87,872	1,286,920
End of year	\$ 1,121	\$ 295,354	\$ 74,416	\$ 80,240	\$ -	\$ 96,404	\$ 54,272	\$ 681,489	\$ 133,266	\$ 1,416,562

# CITY OF GREENSBURG

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

YEAR ENDED DECEMBER 31, 2011

	Armstrong Fund			Motor Tax Fund		
	Budget	Actual	Variance with	Budget	Actual	Variance with
	Original/Final	(Budgetary Basis)	Final Budget	Original/Final	(Budgetary Basis)	Final Budget
<b>Revenues:</b>						
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	300,901	303,589	2,688
Interest, rents, and royalties	-	-	-	796	347	(449)
Miscellaneous	500	-	(500)	-	16,354	16,354
Total revenues	500	-	(500)	301,697	320,290	18,593
<b>Expenditures:</b>						
Current:						
Department of Public Affairs and Safety	500	-	500	-	-	-
Department of Public Works	-	-	-	363,164	282,914	80,250
Department of Parks and Recreation	-	-	-	-	-	-
Total expenditures	500	-	500	363,164	282,914	80,250
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	-	-	(1,000)	(61,467)	37,376	98,843
<b>Other Financing (Sources) Uses:</b>						
Transfers in	-	-	-	-	-	-
Proceeds from the sale of fixed assets	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
<b>Net Change in Fund Balance</b>	\$ -	\$ -	\$ (1,000)	\$ (61,467)	\$ 37,376	\$ 98,843

(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, 2011  
(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	\$ 61,100	\$ 62,748	\$ 1,648	\$ 1,750	\$ 2,000	\$ 250
Intergovernmental	-	-	-	-	-	-
Interest, rents, and royalties	240	208	(32)	150	77	(73)
Miscellaneous	39,000	13,850	(25,150)	90,000	104,304	14,304
Total revenues	100,340	76,806	(23,534)	91,900	106,381	14,481
<b>Expenditures:</b>						
Current:						
Department of Public Affairs and Safety	-	-	-	-	-	-
Department of Public Works	-	-	-	-	-	-
Department of Parks and Recreation	105,950	102,526	3,424	94,000	82,900	11,100
Total expenditures	105,950	102,526	3,424	94,000	82,900	11,100
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(5,610)	(25,720)	(20,110)	(2,100)	23,481	25,581
<b>Other Financing Sources (Uses):</b>						
Transfers in	-	26,532	26,532	-	-	-
Proceeds from the sale of fixed assets	-	-	-	-	-	-
Total other financing sources (uses)	-	26,532	26,532	-	-	-
<b>Net Change in Fund Balance</b>	<u>\$ (5,610)</u>	<u>\$ 812</u>	<u>\$ 6,422</u>	<u>\$ (2,100)</u>	<u>\$ 23,481</u>	<u>\$ 25,581</u>

(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, 2011

(Continued)

	Grant Fund		
	Budget Original/Final	Actual (Budgetary Basis)	Variance with Final Budget
<b>Revenues:</b>			
Charges for services	\$ -	\$ -	\$ -
Intergovernmental	7,501,950	(101,160)	(7,603,110)
Interest, rents, and royalties	-	-	-
Miscellaneous	-	1,320	1,320
Total revenues	7,501,950	(99,840)	(7,601,790)
<b>Expenditures:</b>			
Current:			
Department of Public Affairs and Safety	1,191	160	1,031
Department of Public Works	-	-	-
Department of Parks and Recreation	7,500,000	(100,000)	7,600,000
Total expenditures	7,501,191	(99,840)	7,601,031
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	759	-	(759)
<b>Other Financing Sources (Uses):</b>			
Transfers in	-	-	-
Proceeds from the sale of fixed assets	-	-	-
Total other financing sources (uses)	-	-	-
<b>Net Change in Fund Balance</b>	\$ 759	\$ -	\$ (759)

(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, 2011

	2003 General Obligation Bond Fund			Police 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	\$ -	\$ -	\$ -	\$ 14,100	\$ 14,800	\$ 700
License and permits	-	-	-	500	6,130	5,630
Charges for services	-	-	-	100	125	25
Intergovernmental	-	-	-	28,750	346,264	317,514
Interest, rents, and royalties	300	108	(192)	150	86	(64)
Total revenues	300	108	(192)	43,600	367,405	323,805
<b>Expenditures:</b>						
Capital outlay	-	-	-	58,000	376,210	(318,210)
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	300	108	(192)	(14,400)	(8,805)	5,595
<b>Other Financing Sources (Uses):</b>						
Transfers in	-	-	-	39,578	39,797	219
Transfers out	-	-	-	(30,000)	(30,000)	-
Proceeds from the sale of fixed assets	-	-	-	10,500	5,075	(5,425)
Total other financing sources (uses)	-	-	-	20,078	14,872	(5,206)
<b>Net Change in Fund Balance</b>	<u>\$ 300</u>	<u>\$ 108</u>	<u>\$ (192)</u>	<u>\$ 5,678</u>	<u>\$ 6,067</u>	<u>\$ 389</u>

(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, 2011

(Continued)

	Fire Department Capital Equipment Fund			Hutchinson Garage Reserve Fund		
	Budget	Actual	Variance with	Budget	Actual	Variance with
	Original/Final	(Budgetary Basis)	Final Budget	Original/Final	(Budgetary Basis)	Final Budget
<b>Revenues:</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Interest, rents, and royalties	2,400	924	(1,476)	100	41	(59)
Miscellaneous	-	6,250	6,250	-	-	-
Total revenues	2,400	7,174	4,774	100	41	(59)
<b>Expenditures:</b>						
Current:						
Department of Accounts and Finance	-	-	-	-	-	-
Capital outlay	542,050	185,627	356,423	-	-	-
Debt service:						
Principal	7,722	7,639	83	-	-	-
Interest	-	1	(1)	-	-	-
Total expenditures	549,772	193,267	356,505	-	-	-
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(547,372)	(186,093)	361,279	100	41	(59)
<b>Other Financing Sources (Uses):</b>						
Transfers in	197,892	198,987	1,095	45,104	45,353	249
Transfer out	-	-	-	-	-	-
Proceeds of long-term debt	-	-	-	-	-	-
Total financing sources (uses)	197,892	198,987	1,095	45,104	45,353	249
<b>Net Change in Fund Balance</b>	<u>\$ (349,480)</u>	<u>\$ 12,894</u>	<u>\$ 362,374</u>	<u>\$ 45,204</u>	<u>\$ 45,394</u>	<u>\$ 190</u>

(Concluded)