

CITY OF GREENSBURG
AUDIT OF GENERAL PURPOSE
FINANCIAL STATEMENTS

Year ended December 31, 2012

DELUZIO & COMPANY, LLP
CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS



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Independent Auditors' Report

To: City Council
City of Greensburg, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, 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, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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Independent Auditors' Report

(Continued)

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2012, and the respective changes in financial position, the respective budgetary comparison for the General, 2005 General Obligation Note and Debt Service Funds and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and the pension and other post-employment benefits information on pages 4-7 and 55-59 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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Independent Auditors' Report

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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2013 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Deluzio & Company, LLP

Greensburg, Pennsylvania
November 15, 2013

CITY OF GREENSBURG
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2012

As management of the City of Greensburg (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial performance of the City for the year ended December 31, 2012. Please read this Management's Discussion and Analysis in conjunction with the financial statements to obtain a thorough understanding of the City's financial condition at December 31, 2012.

FINANCIAL HIGHLIGHTS

- The City's net position, as presented, was \$24,123,998 at December 31, 2012, an increase of \$922,183 from 2011.
- At the end of the current year, the City had total bonds and notes outstanding of \$6,630,000.
- Revenues of the City's governmental funds based upon the fund financial statements were \$11,162,224. Expenses amounted to \$11,893,234.
- Operating revenues of the City's business-type activities were \$1,943,453 for 2012 and expenses amounted to \$1,018,762.
- The real estate tax millage rate remained at 25.05 mills for 2012.

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 required supplementary information and other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements - The two *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 position and how it has changed.

The *statement of net position* presents information on all of the City's assets less liabilities and deferred inflows of resources to arrive at *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

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.

CITY OF GREENSBURG
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2012

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Fund Financial Statements - A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other 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 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 2012. 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 reported as 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* as supplementary information 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 13 and 15 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, 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 20 through 22 of this report.

CITY OF GREENSBURG
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2012

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

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 23 and 24 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 25 through 54 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 55 through 59 of this report.

Other 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 60 through 66 of this report.

CITY OF GREENSBURG
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2012

FINANCIAL ANALYSIS OF THE CITY

As noted earlier, net position may serve over time as a useful indicator of a government agency's financial position. Net position increases when revenues exceed expenses. In the case of the City, net position was \$24,123,998 at the close of the year.

A condensed summary of the City's net position at December 31, 2012 and 2011 is as follows.

	<u>2012</u>	<u>2011</u>	<u>Variance</u>
Assets			
Current assets	\$ 7,206,854	\$ 6,768,948	\$ 437,906
Other non-current assets	95,800	249,909	(154,109)
Capital assets, net	<u>26,460,536</u>	<u>26,508,666</u>	<u>(48,130)</u>
Total Assets	<u>33,763,190</u>	<u>33,527,523</u>	<u>235,667</u>
Liabilities			
Current and other liabilities	1,986,855	1,884,342	102,513
Non-current liabilities	<u>7,601,691</u>	<u>8,224,691</u>	<u>(623,000)</u>
Total Liabilities	<u>9,588,546</u>	<u>10,109,033</u>	<u>(520,487)</u>
Total Deferred Inflows of Resources	<u>50,646</u>	<u>63,307</u>	<u>(12,661)</u>
Net Position			
Net investment in capital assets	19,129,727	18,377,275	752,452
Restricted	1,331,513	1,421,486	(89,973)
Unrestricted	<u>3,662,758</u>	<u>3,556,422</u>	<u>106,336</u>
Total Net Position	<u>\$ 24,123,998</u>	<u>\$ 23,355,183</u>	<u>\$ 768,815</u>

The increase in assets is mainly due to increases in capital assets and 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. The City's non-current obligations include capital leases, bonds and notes payable and compensated absences. The decrease in non-current liabilities was due to the principal payments made during the year.

CITY OF GREENSBURG
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2012

FINANCIAL ANALYSIS OF THE CITY (continued)

A condensed summary of the City's change in net position for the years ended December 31, 2012 and 2011 for all funds is as follows:

	Governmental		Business-type		Totals	
	Activities		Activities			
	2012	2011	2012	2011	2012	2011
Program revenues						
Charges for services	\$ 1,563,837	\$ 1,529,015	\$ 1,993,475	\$ 2,092,314	\$ 3,557,312	\$ 3,621,329
Operating grant contributions	1,186,454	1,346,810	-	-	1,186,454	1,346,810
Capital grants and contributions	438,799	590,958	-	-	438,799	590,958
General revenues						
Property taxes	3,084,642	3,067,651	-	-	3,084,642	3,067,651
Earned income tax	2,979,504	2,992,695	-	-	2,979,504	2,992,695
Business privilege tax	432,465	401,028	-	-	432,465	401,028
Local service tax	535,697	622,626	-	-	535,697	622,626
Other taxes	303,139	243,971	-	-	303,139	243,971
Interest, rents, and royalties	1,472	4,983	157	316	1,629	5,299
Franchise fees	257,326	250,776	-	-	257,326	250,776
Gain (loss) on sale of fixed assets	(17,986)	(6,883)	(670)	(543)	(18,656)	(7,426)
Miscellaneous income	241,274	147,699	2,655	9,633	243,929	157,332
Internal transfers	1,111,700	(515,157)	(1,111,700)	515,157	-	-
Total revenues	12,118,323	10,676,172	883,917	2,616,877	13,002,240	13,293,049
Program expenses						
Public affairs and safety	4,991,792	5,038,182	-	-	4,991,792	5,038,182
Accounts and finance	1,419,613	1,450,211	-	-	1,419,613	1,450,211
Administrative development	1,207,898	1,268,643	-	-	1,207,898	1,268,643
Public works	1,471,713	1,620,540	-	-	1,471,713	1,620,540
Parks and recreation	1,770,721	1,636,437	-	-	1,770,721	1,636,437
Interest	187,031	369,252	-	-	187,031	369,252
Parking activities	-	-	1,031,289	1,278,927	1,031,289	1,278,927
Total expenses	11,048,768	11,383,265	1,031,289	1,278,927	12,080,057	12,662,192
Change in Net Position	1,069,555	(707,093)	(147,372)	1,337,950	922,183	630,857
Net Position - Beginning of Year	13,798,614	14,505,707	9,403,201	8,065,251	23,201,815	22,570,958
Net Position - End of Year	\$ 14,868,169	\$ 13,798,614	\$ 9,255,829	\$ 9,403,201	\$ 24,123,998	\$ 23,201,815

CITY OF GREENSBURG
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2012

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 year.

As of the end of 2012, the City's governmental funds reported combined ending fund balances of \$5,278,698. Of this amount, \$2,744,663 constitutes *unassigned fund balance*.

The General Fund is the principal operating fund of the City. At the end of the current year, the *unassigned fund balance* of the General Fund was \$2,744,663.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year, actual General Fund revenues increased 11% over budgetary estimates, or by \$952,398; expenditures were less than budgetary estimates by \$440,255 or 4%. The net change in fund balance had a positive variance of \$1,396,498 (actual versus budget) after calculating other financing sources (uses). A detailed budgetary comparison statement for the General Fund can be found on page 17 of this report.

DEBT ADMINISTRATION

Long-Term Debt - At the end of the current year, the City had total bonds outstanding of \$6,403,000 (not inclusive of capital leases and the mortgage payable). The outstanding bond decreased \$975,000 during the current year.

A summary of the City's debt (including capital leases and mortgages payable) activity in 2012 follows:

Beginning balance, January 1, 2012	\$	7,943,815
Additions		308,507
Repayments		<u>1,113,299</u>
Ending balance, December 31, 2012	\$	<u><u>7,139,023</u></u>

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

CAPITAL ASSETS

At December 31, 2012, the City's Governmental Activities had \$10,327,564 invested in capital assets. The Proprietary Activities had \$8,802,163 invested in capital assets. During 2012, the City purchased total capital assets of \$1,372,580.

More detailed information regarding the City's capital assets is included in the Notes to the Financial Statements.

CITY OF GREENSBURG
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2012

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. Upcoming redevelopment plans include the construction of a Seton Hill University Center for the Dance and Visual Arts in the downtown area, and a major renovation an addition to the Westmoreland Museum of American Arts currently underway, also 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 2012 General Fund budget and real estate taxes remained at 25.05 mills.

The City Council and management continue to meet the ever increasing challenges 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.

During 2013, the City issued bonds totaling \$1,465,000 to fund a guaranteed energy savings project. Planned projects include lighting upgrades at all City facilities, boiler and cooling tower replacements at the City hall building and installation of an air curtain at the Kirk S. Nevin Ice Arena. The energy savings from these capital improvements is leveraged to fund the debt service payment and is guaranteed by the Energy Services Company (ESCO). The project is expected to be completed in early 2014.

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 POSITION
AS OF DECEMBER 31, 2012

	Governmental Activities	Business-Type Activities	Total Primary Government
Assets			
Current Assets			
Cash and cash equivalents	\$ 4,863,297	\$ 611,940	\$ 5,475,237
Receivables			
Taxes	1,440,866	-	1,440,866
Intergovernmental	151,193	-	151,193
Other	128,689	10,869	139,558
Prepays	-	-	-
Total current assets	<u>6,584,045</u>	<u>622,809</u>	<u>7,206,854</u>
Noncurrent Assets			
Restricted assets			
Escrow accounts	25,400	-	25,400
Long-term receivables	-	70,400	70,400
Capital assets, not being depreciated	1,839,568	1,200,678	3,040,246
Capital assets, net of accumulated depreciation	<u>15,633,494</u>	<u>7,786,796</u>	<u>23,420,290</u>
Total noncurrent assets	<u>17,498,462</u>	<u>9,057,874</u>	<u>26,556,336</u>
Total Assets	<u>24,082,507</u>	<u>9,680,683</u>	<u>33,763,190</u>
Liabilities			
Current Liabilities			
Accounts payable	346,680	173,650	520,330
Accrued interest	17,872	-	17,872
Other accrued liabilities	164,406	-	164,406
Unearned revenue	7,451	20,605	28,056
Liabilities payable from restricted assets	25,400	-	25,400
Due within one year	<u>1,188,147</u>	<u>42,644</u>	<u>1,230,791</u>
Total current liabilities	<u>1,749,956</u>	<u>236,899</u>	<u>1,986,855</u>
Noncurrent Liabilities			
Other postemployment benefits liability	1,434,863	45,288	1,480,151
Due in more than one year	5,861,458	142,667	6,004,125
Net pension obligation	<u>117,415</u>	<u>-</u>	<u>117,415</u>
Total noncurrent liabilities	<u>7,413,736</u>	<u>187,955</u>	<u>7,601,691</u>
Total Liabilities	<u>9,163,692</u>	<u>424,854</u>	<u>9,588,546</u>
Deferred Inflows of Resources			
Bond premium, net of amortization	<u>50,646</u>	<u>-</u>	<u>50,646</u>
Total Deferred Inflows of Resources	<u>50,646</u>	<u>-</u>	<u>50,646</u>
Total Liabilities and Deferred Inflows of Resources	<u>9,214,338</u>	<u>424,854</u>	<u>9,639,192</u>
Net Position			
Net investment in capital assets	10,327,564	8,802,163	19,129,727
Restricted for			
Liquid fuels	282,260	-	282,260
Emergency assistance	1,621	-	1,621
Capital projects	981,135	-	981,135
Debt service	66,497	-	66,497
Unrestricted	<u>3,209,092</u>	<u>453,666</u>	<u>3,662,758</u>
Total Net Position	<u>\$ 14,868,169</u>	<u>\$ 9,255,829</u>	<u>\$ 24,123,998</u>

The accompanying notes are an integral part of the financial statements.

CITY OF GREENSBURG
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for	Operating	Capital	Governmental	Business-Type	Total Primary
	Expenses	Services	Grants and Contributions	Grants and Contributions	Activities	Activities	Government
Governmental Activities							
Department of Public Affairs and Safety	\$ 4,991,792	\$ 335,516	\$ 446,608	\$ 279,950	\$ (3,929,718)	\$ -	\$ (3,929,718)
Department of Accounts and Finance	1,419,613	29,559	152,805	-	(1,237,249)	-	(1,237,249)
Department of Administrative Development	1,207,898	84,667	-	-	(1,123,231)	-	(1,123,231)
Development and Public Works	1,471,713	83,960	411,638	158,849	(817,266)	-	(817,266)
Department of Parks and Recreation	1,770,721	1,030,135	175,403	-	(565,183)	-	(565,183)
Interest	187,031	-	-	-	(187,031)	-	(187,031)
Total governmental activities	<u>11,048,768</u>	<u>1,563,837</u>	<u>1,186,454</u>	<u>438,799</u>	<u>(7,859,678)</u>	<u>-</u>	<u>(7,859,678)</u>
Business-Type Activities							
Parking revenue fund	697,755	1,398,573	-	-	-	700,818	700,818
Hutchinson Garage fund	333,534	594,902	-	-	-	261,368	261,368
Total business-type activities	<u>1,031,289</u>	<u>1,993,475</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>962,186</u>	<u>962,186</u>
Total Primary Government	<u>\$ 12,080,057</u>	<u>\$ 3,557,312</u>	<u>\$ 1,186,454</u>	<u>\$ 438,799</u>	<u>(7,859,678)</u>	<u>962,186</u>	<u>(6,897,492)</u>
General Revenues							
Taxes							
Property taxes, levied for general purposes					3,084,642	-	3,084,642
Earned income tax					2,979,504	-	2,979,504
Business privilege tax					432,465	-	432,465
Local service tax					535,697	-	535,697
Other taxes levied for general purposes					303,139	-	303,139
Interest, rents, and royalties					1,472	157	1,629
Franchise fees					257,326	-	257,326
Loss on disposal of capital assets					(17,986)	(670)	(18,656)
Miscellaneous income					241,274	2,655	243,929
Internal transfers					1,111,700	(1,111,700)	-
Total general revenues, special items and transfers					<u>8,929,233</u>	<u>(1,109,558)</u>	<u>7,819,675</u>
Change in Net Position					1,069,555	(147,372)	922,183
Beginning Net Position					13,798,614	9,403,201	23,201,815
Ending Net Position					<u>\$ 14,868,169</u>	<u>\$ 9,255,829</u>	<u>\$ 24,123,998</u>

The accompanying notes are an integral part of the financial statements.

CITY OF GREENSBURG
BALANCE SHEET – GOVERNMENTAL FUNDS
AS OF DECEMBER 31, 2012

	General Fund	2005 General Obligation Note Fund	Debt Service Fund	Other Governmental Funds	Total
Assets					
Cash and cash equivalents	\$ 2,336,545	\$ 929,973	\$ 47,604	\$ 1,574,576	\$ 4,888,698
Receivables					
Taxes (net)	1,350,039	-	90,827	2,766	1,443,632
Intergovernmental	-	138,784	-	12,409	151,193
Other	<u>125,923</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>125,923</u>
Total Assets	<u>\$ 3,812,507</u>	<u>\$ 1,068,757</u>	<u>\$ 138,431</u>	<u>\$ 1,589,751</u>	<u>\$ 6,609,446</u>
Liabilities					
Accounts payable	\$ 157,710	\$ 146,088	\$ -	\$ 42,882	\$ 346,680
Other accrued liabilities	189,806	-	-	-	189,806
Deferred revenue	<u>720,328</u>	<u>-</u>	<u>71,934</u>	<u>2,000</u>	<u>794,262</u>
Total Liabilities	<u>1,067,844</u>	<u>146,088</u>	<u>71,934</u>	<u>44,882</u>	<u>1,330,748</u>
Fund Balance					
Restricted					
Emergency assistance	-	-	-	1,621	1,621
Liquid fuels	-	-	-	282,260	282,260
Capital projects	-	922,669	-	58,466	981,135
Debt service	-	-	66,497	-	66,497
Committed					
Community event	-	-	-	179,771	179,771
Capital projects	-	-	-	1,022,751	1,022,751
Unassigned	<u>2,744,663</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,744,663</u>
Total Fund Balance	<u>2,744,663</u>	<u>922,669</u>	<u>66,497</u>	<u>1,544,869</u>	<u>5,278,698</u>
Total Liabilities and Fund Balance	<u>\$ 3,812,507</u>	<u>\$ 1,068,757</u>	<u>\$ 138,431</u>	<u>\$ 1,589,751</u>	<u>\$ 6,609,446</u>

The accompanying notes are an integral part of the financial statements.

CITY OF GREENSBURG
RECONCILIATION – GOVERNMENTAL FUNDS BALANCE SHEET TO
STATEMENT OF NET ASSETS
AS OF DECEMBER 31, 2012

Total Fund Balance - Governmental Funds \$ 5,278,698

Amounts reported for governmental activities in the statement of net position 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 \$30,830,251 and the accumulated depreciation is \$13,357,189. 17,473,062

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. 786,810

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. (1,434,863)

The net pension liability is not a financial resource and, therefore, it is not reported as an asset in the governmental funds. (117,415)

Liabilities that are not due and payable in the current period and, therefore, are not reported as liabilities in the fund financial statements consist of the following at year end:

Bonds and notes payable	(6,630,000)	
Capital leases obligations	(323,712)	
Compensated absences	(95,893)	
Accrued interest	<u>(17,872)</u>	(7,067,477)

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 net position. (50,646)

Total Net Position - Governmental Funds \$ 14,868,169

The accompanying notes are an integral part of the financial statements.

CITY OF GREENSBURG
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	General Fund	2005 General Obligation Note Fund	Debt Service Fund	Other Governmental Funds	Total
Revenues					
Taxes	\$ 6,527,479	\$ -	\$ 932,304	\$ 14,000	\$ 7,473,783
Licenses and permits	432,688	-	-	110	432,798
Fines and forfeits	247,054	-	-	-	247,054
Charges for services	1,166,061	-	-	63,798	1,229,859
Intergovernmental revenue	671,562	158,849	-	298,791	1,129,202
Interest, rent, and earnings on investments	1,103	165	-	204	1,472
Miscellaneous	365,279	-	-	282,777	648,056
Total revenues	<u>9,411,226</u>	<u>159,014</u>	<u>932,304</u>	<u>659,680</u>	<u>11,162,224</u>
Expenditures					
Department of Public Affairs and Safety	4,386,596	-	-	8,108	4,394,704
Department of Accounts and Finance	1,570,446	-	-	-	1,570,446
Department of Administrative Development	1,197,961	-	-	-	1,197,961
Development and Public Works	1,092,246	-	-	324,395	1,416,641
Department of Parks and Recreation	1,403,994	-	-	191,999	1,595,993
Capital outlay	-	177,502	-	370,171	547,673
Debt service					
Principal	-	-	975,000	-	975,000
Interest	-	-	194,884	-	194,884
Total expenditures	<u>9,651,243</u>	<u>177,502</u>	<u>1,169,884</u>	<u>894,673</u>	<u>11,893,302</u>
Excess (deficiency) of Revenues over Expenditures before other Financing Activities	<u>(240,017)</u>	<u>(18,488)</u>	<u>(237,580)</u>	<u>(234,993)</u>	<u>(731,078)</u>
Other Financing Sources (Uses)					
Transfers in	1,750,068	900,000	218,880	363,300	3,232,248
Transfers out	(905,866)	(920,953)	-	-	(1,826,819)
Proceeds from sale of fixed assets	19,711	-	-	-	19,711
Total other financing sources (uses)	<u>863,913</u>	<u>(20,953)</u>	<u>218,880</u>	<u>363,300</u>	<u>1,425,140</u>
Net Change in Fund Balance	623,896	(39,441)	(18,700)	128,307	694,062
Fund Balance - Beginning of Year	<u>2,120,767</u>	<u>962,110</u>	<u>85,197</u>	<u>1,416,562</u>	<u>4,584,636</u>
Fund Balance - End of Year	<u>\$ 2,744,663</u>	<u>\$ 922,669</u>	<u>\$ 66,497</u>	<u>\$ 1,544,869</u>	<u>\$ 5,278,698</u>

The accompanying notes are an integral part of the financial statements.

CITY OF GREENSBURG
RECONCILIATION - GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012

Net Change in Fund Balance - Governmental Funds \$ 694,062

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	988,654	
Less: depreciation expense, net of deletions	<u>914,778</u>	73,876

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. (138,335)

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 position. 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 position. The effect of these transactions in the statement of activities is shown below:

Proceeds of new capital leases	(308,507)	
Amortization of bond issue costs	12,661	
Repayment of note and bond principal	975,000	
Repayment of capital lease principal	<u>97,896</u>	777,050

Governmental funds do not report the net pension obligation and the other post employment benefits liability as they are not considered a use of financial resource. The net pension obligation and OPEB obligation increased by this amount during the year. (333,764)

In the statement of activities, certain operating expenses for accumulated employee benefits such as vacations and sick days are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used. This amount represents the difference between the amount earned versus the amount used. (3,334)

Change in Net Position of Governmental Activities **\$ 1,069,555**

The accompanying notes are an integral part of the financial statements.

CITY OF GREENSBURG
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2012

GENERAL FUND

	Budgeted Amounts			Variance Final vs. Actual Positive (Negative)
	Original	Final	Actual	
Revenues				
Taxes	\$ 5,966,205	\$ 5,966,205	\$ 6,527,479	\$ 561,274
Licenses and permits	356,250	356,250	432,688	76,438
Fines and forfeits	275,401	275,401	247,054	(28,347)
Charges for services	1,196,437	1,196,437	1,166,061	(30,376)
Intergovernmental revenue	542,600	542,600	671,562	128,962
Interest, rent, and earnings on investments	2,700	2,700	1,103	(1,597)
Miscellaneous	119,235	119,235	365,279	246,044
Total revenues	<u>8,458,828</u>	<u>8,458,828</u>	<u>9,411,226</u>	<u>952,398</u>
Expenditures				
Department of Public Affairs and Safety	4,479,515	4,479,515	4,386,596	(92,919)
Department of Accounts and Finance	1,843,455	1,843,455	1,570,446	(273,009)
Department of Administrative Development	1,303,081	1,303,081	1,197,961	(105,120)
Development and Public Works	1,113,405	1,113,405	1,092,246	(21,159)
Department of Parks and Recreation	1,351,984	1,351,984	1,403,994	52,010
Total expenditures	<u>10,091,440</u>	<u>10,091,440</u>	<u>9,651,243</u>	<u>(440,197)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,632,612)</u>	<u>(1,632,612)</u>	<u>(240,017)</u>	<u>1,392,595</u>
Other Financing Sources (Uses)				
Transfers in	1,750,000	1,750,000	1,750,068	68
Transfers out	(900,000)	(900,000)	(905,866)	(5,866)
Proceeds from the sale of fixed assets	10,000	10,000	19,711	9,711
Total other financing sources (uses)	<u>860,000</u>	<u>860,000</u>	<u>863,913</u>	<u>3,913</u>
Net Change in Fund Balances	<u>\$ (772,612)</u>	<u>\$ (772,612)</u>	<u>\$ 623,896</u>	<u>\$ 1,396,508</u>

* The Original and Final Budget was adjusted for health insurance costs that were originally budgeted in the Department of Accounts and Finance. For reporting purposes, these expenditures are allocated to the applicable department. The amount allocated for Actual reporting was allocated within the Original and Final Budget amounts to ensure comparability.

The accompanying notes are an integral part of the financial statements.

CITY OF GREENSBURG
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2012

2005 GENERAL OBLIGATION NOTE FUND

	Budgeted Amounts			Variance Final vs. Actual Positive (Negative)
	Original	Final	Actual	
Revenues				
Intergovernmental revenue	\$ 2,237,653	\$ 2,237,653	\$ 158,849	\$ (2,078,804)
Interest, rent, and earnings on investments	250	250	165	(85)
Total revenues	<u>2,237,903</u>	<u>2,237,903</u>	<u>159,014</u>	<u>(2,078,889)</u>
Expenditures				
Capital outlay	<u>2,825,468</u>	<u>2,825,468</u>	<u>177,502</u>	<u>(2,647,966)</u>
Total expenditures	<u>2,825,468</u>	<u>2,825,468</u>	<u>177,502</u>	<u>(2,647,966)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(587,565)</u>	<u>(587,565)</u>	<u>(18,488)</u>	<u>569,077</u>
Other Financing Sources (Uses)				
Operating transfers in	900,000	900,000	900,000	-
Operating transfers out	<u>(900,000)</u>	<u>(900,000)</u>	<u>(920,953)</u>	<u>(20,953)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(20,953)</u>	<u>(20,953)</u>
Net Change in Fund Balances	<u>\$ (587,565)</u>	<u>\$ (587,565)</u>	<u>\$ (39,441)</u>	<u>\$ 548,124</u>

The accompanying notes are an integral part of the financial statements.

CITY OF GREENSBURG
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2012

DEBT SERVICE FUND

	Budgeted Amounts			Variance Final vs. Actual Positive (Negative)
	Original	Final	Actual	
Revenues				
Taxes	\$ 928,485	\$ 928,485	\$ 932,304	\$ 3,819
Interest, rent, and earnings on investments	300	300	-	(300)
Total revenues	<u>928,785</u>	<u>928,785</u>	<u>932,304</u>	<u>3,519</u>
Expenditures				
Debt service:				
Principal	975,000	975,000	975,000	-
Interest	<u>216,546</u>	<u>216,546</u>	<u>194,884</u>	<u>(21,662)</u>
Total expenditures	<u>1,191,546</u>	<u>1,191,546</u>	<u>1,169,884</u>	<u>(21,662)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(262,761)</u>	<u>(262,761)</u>	<u>(237,580)</u>	<u>25,181</u>
Other Financing Sources (Uses)				
Transfers in	218,880	218,880	218,880	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>218,880</u>	<u>218,880</u>	<u>218,880</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ (43,881)</u>	<u>\$ (43,881)</u>	<u>\$ (18,700)</u>	<u>\$ 25,181</u>

The accompanying notes are an integral part of the financial statements.

CITY OF GREENSBURG
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AS OF DECEMBER 31, 2012

	Parking Revenue Fund	Hutchinson Garage Fund	Total Proprietary Fund Types
Assets			
Current assets			
Cash and cash equivalents	\$ 125,961	\$ 485,979	\$ 611,940
Receivables	4,705	6,164	10,869
Total current assets	<u>130,666</u>	<u>492,143</u>	<u>622,809</u>
Non-current assets			
Long-term receivable	70,400	-	70,400
Land	1,191,218	9,460	1,200,678
Buildings and other property and equipment	11,186,797	3,217,899	14,404,696
Less: accumulated depreciation	<u>(4,470,832)</u>	<u>(2,147,068)</u>	<u>(6,617,900)</u>
Total noncurrent assets, net of depreciation	<u>7,977,583</u>	<u>1,080,291</u>	<u>9,057,874</u>
Total Assets	<u>8,108,249</u>	<u>1,572,434</u>	<u>9,680,683</u>
Liabilities			
Current liabilities			
Accounts payable and other current liabilities	18,198	155,452	173,650
Current portion of capital lease payable	22,659	19,985	42,644
Deferred revenue	<u>18,245</u>	<u>2,360</u>	<u>20,605</u>
Total current liabilities	<u>59,102</u>	<u>177,797</u>	<u>236,899</u>
Long-term liabilities			
Capital lease payable	75,807	66,860	142,667
Other post employment benefits liability	<u>27,496</u>	<u>17,792</u>	<u>45,288</u>
Total long-term liabilities	<u>103,303</u>	<u>84,652</u>	<u>187,955</u>
Total Liabilities	<u>162,405</u>	<u>262,449</u>	<u>424,854</u>
Net Position			
Net investment in capital assets	7,808,717	993,446	8,802,163
Unrestricted	<u>137,127</u>	<u>316,539</u>	<u>453,666</u>
Total Net Position	<u>\$ 7,945,844</u>	<u>\$ 1,309,985</u>	<u>\$ 9,255,829</u>

The accompanying notes are an integral part of the financial statements.

CITY OF GREENSBURG
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	Parking Revenue Fund	Hutchinson Garage Fund	Total Proprietary Fund Types
Operating Revenues			
Charges for services	\$ 1,398,573	\$ 594,902	\$ 1,993,475
Other operating revenue	2,152	503	2,655
Total Operating Revenues	<u>1,400,725</u>	<u>595,405</u>	<u>1,996,130</u>
Operating Expenses			
Department of Public Works	308,853	242,343	551,196
Depreciation	382,246	85,320	467,566
Total Operating Expenses	<u>691,099</u>	<u>327,663</u>	<u>1,018,762</u>
Operating Income	<u>709,626</u>	<u>267,742</u>	<u>977,368</u>
Nonoperating Revenues (Expenses)			
Operating transfers in	295,703	21,912	317,615
Operating transfers out	(1,068,948)	(360,367)	(1,429,315)
Loss on disposal of asset	(670)	-	(670)
Interest, rents, and royalties	78	79	157
Interest expense	(6,656)	(5,871)	(12,527)
Total Nonoperating Expenses	<u>(780,493)</u>	<u>(344,247)</u>	<u>(1,124,740)</u>
Change in Net Position	<u>(70,867)</u>	<u>(76,505)</u>	<u>(147,372)</u>
Net Position - Beginning of Year	<u>8,016,711</u>	<u>1,386,490</u>	<u>9,403,201</u>
Net Position - End of Year	<u>\$ 7,945,844</u>	<u>\$ 1,309,985</u>	<u>\$ 9,255,829</u>

The accompanying notes are an integral part of the financial statements.

CITY OF GREENSBURG
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	Parking Revenue Fund	Hutchinson Garage Fund	Total Proprietary Fund Types
Cash Flows From Operating Activities:			
Receipts from customers	\$ 1,407,907	\$ 591,376	\$ 1,999,283
Payment to employees	(38,171)	(22,281)	(60,452)
Payment to suppliers	(253,486)	(225,200)	(478,686)
Net cash provided by operating activities	<u>1,116,250</u>	<u>343,895</u>	<u>1,460,145</u>
Cash Flows From Capital and Related Financing Activities:			
Capital expenditures	(49,313)	(3,188)	(52,501)
Principal and interest on capital leases	(28,124)	(24,805)	(52,929)
Net cash used in capital and related financing activities	<u>(77,437)</u>	<u>(27,993)</u>	<u>(105,430)</u>
Cash Flows from Noncapital Financing			
Interfund transfers, noncapital	<u>(1,045,062)</u>	<u>(360,367)</u>	<u>(1,405,429)</u>
Cash Flows From Investing Activities:			
Interest, rents, and royalties	<u>78</u>	<u>79</u>	<u>157</u>
Net Decrease in Cash and Cash Equivalents	(6,171)	(44,386)	(50,557)
Cash and Cash Equivalents - Beginning of Year	132,132	530,365	662,497
Cash and Cash Equivalents - End of Year	<u>\$ 125,961</u>	<u>\$ 485,979</u>	<u>\$ 611,940</u>
Reconciliation of Operating Income to Net Cash			
Provided by Operating Activities:			
Operating income	\$ 709,626	\$ 267,742	\$ 977,368
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	382,246	85,320	467,566
Changes in operating assets and liabilities			
(Increase) Decrease Accounts receivable	743	(3,434)	(2,691)
Increase (decrease) in Accounts payable and other accrued liabilities	1,962	(14,034)	(12,072)
Increase in OPEB liability	13,748	8,896	22,644
Deferred revenue	7,925	(595)	7,330
Net cash provided by operating activities	<u>\$ 1,116,250</u>	<u>\$ 343,895</u>	<u>\$ 1,460,145</u>

The accompanying notes are an integral part of the financial statements.

CITY OF GREENSBURG
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AS OF DECEMBER 31, 2012

			<u>Agency Funds</u>		
	Pension Trust Fund Police Pension	Private Purpose Trust Fund - Thomas Lynch Concert Fund	Payroll Clearing Fund	Special Fund	Total
Assets					
Cash and cash equivalents	\$ -	\$ 61,039	\$ 7,554	\$ 67,911	\$ 136,504
Investments	14,223,232	-	-	-	14,223,232
Other receivables	19,451	-	-	-	19,451
Total Assets	<u>14,242,683</u>	<u>61,039</u>	<u>7,554</u>	<u>67,911</u>	<u>14,379,187</u>
Liabilities					
Due to other governments	-	-	7,554	67,911	75,465
Total Liabilities	<u>-</u>	<u>-</u>	<u>7,554</u>	<u>67,911</u>	<u>75,465</u>
Net Position					
Net position restricted for pensions	14,242,683	-	-	-	14,242,683
Net position held in trust	-	61,039	-	-	61,039
Total Net Position	<u>\$ 14,242,683</u>	<u>\$ 61,039</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,303,722</u>

The accompanying notes are an integral part of the financial statements.

CITY OF GREENSBURG
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	Pension Trust Fund Police Pension	Private Purpose Trust Fund - Thomas Lynch Concert Fund	Total
Additions			
Contributions			
Commonwealth	\$ 364,763	\$ -	\$ 364,763
Employer	305,384	-	305,384
Employee	106,541	-	106,541
Total contributions	<u>776,688</u>	<u>-</u>	<u>776,688</u>
Investment income			
Net appreciation (depreciation) in fair value of investment	1,028,745	-	1,028,745
Interest and dividends	309,799	-	309,799
Total investment income	<u>1,338,544</u>	<u>-</u>	<u>1,338,544</u>
Total additions	<u>2,115,232</u>	<u>-</u>	<u>2,115,232</u>
Deductions:			
Benefit payments	892,747	-	892,747
Administration/other fees	55,352	-	55,352
Total deductions	<u>948,099</u>	<u>-</u>	<u>948,099</u>
Change in Net Position	1,167,133	-	1,167,133
Net Position - Beginning of Year	<u>13,075,550</u>	<u>61,039</u>	<u>13,136,589</u>
Net Position - End of Year	\$ <u>14,242,683</u>	\$ <u>61,039</u>	\$ <u>14,303,722</u>

The accompanying notes are an integral part of the financial statements.

CITY OF GREENSBURG
NOTES TO THE FINANCIAL STATEMENTS

NOTE 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 City has elected to adopt GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, with regards to evaluating component units. Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing body and 1) the City is able to significantly influence the programs or services performed or provided by the organization, 2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization, or the City is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the City or that the City approves the budget or the issuance of debt.

Based on the foregoing criteria, the City has determined that no organizations are controlled by or dependent on the City during the year ended December 31, 2012.

Excluded from the Reporting Entity

The Aerobic Center Municipal Authority is not a part of the City's reporting entity. Although Council appoints Aerobic Center Municipal Authority Board members, the city has no accountability for fiscal matters.

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

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position 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.

CITY OF GREENSBURG
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-Wide and Fund Financial Statements (continued)

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. General tax revenues are considered measurable when they have been levied. To be considered available and thus susceptible to accrual, taxes must be collected within the City's period of availability of sixty (60) days. Franchise taxes, licenses, grants, and interest associated with the current year are all considered to be susceptible to accrual and so have been recognized as revenues of the current year. All other revenue items are considered to be measurable and available only when cash is received by the government.

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

The financial statements of the City are prepared in accordance with generally accepted accounting principles (GAAP). The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The City reports in accordance with GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The purpose of this Statement is to incorporate into the GASB's authoritative literature, FASB Statements and Interpretations, APB Opinions and Accounting Research Bulletins of the AICPA Committee on Accounting Procedure issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements.

CITY OF GREENSBURG
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(continued)

With the implementation of GASB 63, the Statement of Net Assets became the Statement of Net Position. Along with the name change, the Statement of Net Position included two new classifications separate from assets and liabilities. Amounts reported as deferred outflows of resources are required to be reported in a Statement of Net Position in a separate section following assets. Likewise, amounts reported as deferred inflows of resources are required to be reported in a Statement of Net Position in a separate section following liabilities.

The City has also decided to implement early the provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. In accordance with GASB 65, debt issuance costs which were previously reported as assets were reported as outflows of resources in the Statement of Activities.

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 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 THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(continued)

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.

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.

CITY OF GREENSBURG
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The legal level of control for expenditures (level at which expenditures cannot legally exceed appropriations) is the surplus or deficit of the fund as a whole. Any excess appropriations at the end of the 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 projects budget to Council at least three months prior to the final date for submission of the budget.

Budgetary Comparison

The 2005 General Obligation Fund intergovernmental revenues and capital outlays were less than budgeted due to delays in capital projects.

CITY OF GREENSBURG
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with an original 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 year are referred to as "due to/from other funds." The effect of interfund activity has been eliminated in 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.

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.

CITY OF GREENSBURG
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets of the Primary Government (continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

The capital assets of the City are depreciated using the straight line method over the estimated useful lives of the asset as follows. No depreciation expense is recorded for land or construction-in-progress.

Buildings	39 years
Land Improvements	15-40 years
Leasehold Improvements	20 years
Machinery and Equipment	8-15 years
Infrastructure	50 years

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 days: \$1,500, 101 days and above: \$2,000. The sick time accrual has been determined to be immaterial in nature for nonuniformed 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 \$95,893 is recorded as a noncurrent 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 position.

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.

CITY OF GREENSBURG
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Financial Statements: Fund Balance

GASB Statement No. 54 establishes accounting and financial standards for all governments that report governmental funds. 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.

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

CITY OF GREENSBURG
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Financial Statements: Fund Balance (continued)

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.

Government-wide and Proprietary Fund Financial Statements: Net Position

The net position is classified into three components; net investment in capital assets, restricted, and unrestricted. These classifications are defined as follows:

- Net investment in capital assets - This component of net position 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 position consists of constraints placed on net position use through external restrictions. The City had restricted assets of \$282,260 related to liquid fuels, \$1,621 related to emergency assistance, \$981,135 related to capital projects, and \$66,497 related to the debt service at December 31, 2012.
- Unrestricted - This component of net position consists of net position that do not meet the definition of "restricted" or "net investment in capital assets."

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.

Deferred Inflows of Resources

Deferred inflows of resources are acquisitions of net position by the City that are applicable to future reporting periods. Deferred inflows of resources relate to the bond premium the City acquired during the 2011 bond refunding, which is being amortized over the maturity period of the bonds refunded.

CITY OF GREENSBURG
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Pending Pronouncements

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 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.

Reclassifications

Certain prior period amounts have been reclassified to conform to current year financial statements presentation. These reclassifications have no effect on previously reported changes in net position.

NOTE 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 THE FINANCIAL STATEMENTS

NOTE 2 – CASH, CASH EQUIVALENTS, AND INVESTMENTS (continued)

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, 2012, \$4,950,789 of the City's bank balance of \$5,382,196 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 \$5,637,140 as of December 31, 2012.

In addition to the deposits noted above, included in cash and cash equivalents on the statement of net position are investments with the Pennsylvania Local Government Investment Trust (PLGIT) of \$186,351. 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, 2012.

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, 2012.

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 \$7,554 are held in interest bearing accounts at a local bank. The entire balance was exposed to custodial credit risk at December 31, 2012.

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

CITY OF GREENSBURG
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 – CASH, CASH EQUIVALENTS, AND INVESTMENTS (continued)

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, 2012, 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, 2012			
		Less than 1 year	1-5 Years	6-10 Years	More than 10 Years
U.S. Government Treasuries	\$ 648,935	\$ 204,687	\$ 259,574	\$ 89,229	\$ 95,445
U.S. Government Agencies	445,074	-	142,825	-	302,249
Corporate bonds	1,273,569	-	455,443	572,666	245,460
Municipal bonds	58,212	-	-	-	58,212
Certificates of deposit	1,140,417	-	1,140,417	-	-
Mortgage pools	369,675	-	1,304	-	368,371
Collateralized mortgage obligations and asset backed securities	408,438	-	1,935	-	406,503
Total debt securities	<u>4,344,320</u>	<u>204,687</u>	<u>2,001,498</u>	<u>661,895</u>	<u>1,476,240</u>
Cash and cash equivalents	229,040				
Common stock	8,173,367				
Mutual funds	<u>1,476,505</u>				
Total investments reported on statement of fiduciary net position	<u>\$ 14,223,232</u>				

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.

CITY OF GREENSBURG
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 – CASH, CASH EQUIVALENTS, AND INVESTMENTS (continued)

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, 2012, the Police Pension Trust Fund investments were rated the following by Moody's:

Credit Quality Distribution for Securities with Credit Exposure

<u>Investment Type</u>	<u>Moody's Rating</u>	<u>% of Investment Type</u>
U.S. Government Treasuries	Aaa	100%
U.S. Government Securities	Aaa	100%
Corporate Bonds	A1	20%
Corporate Bonds	A2	32%
Corporate Bonds	A3	12%
Corporate Bonds	Aa1	3%
Corporate Bonds	Aa2	9%
Corporate Bonds	Aa3	10%
Corporate Bonds	Aaa	2%
Corporate Bonds	Baa	2%
Corporate Bonds	Baa1	5%
Corporate Bonds	Baa3	3%
Corporate Bonds	N/A	2%
Municipal Bonds	Aa1	100%
Mortgage Pools	N/A	100%
Collateralized Mortgage Obligations and Asset Back Securities	A1	9%
Collateralized Mortgage Obligations and Asset Back Securities	Aa2	9%
Collateralized Mortgage Obligations and Asset Back Securities	Aa3	4%
Collateralized Mortgage Obligations and Asset Back Securities	Aaa	47%
Collateralized Mortgage Obligations and Asset Back Securities	N/A	32%

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 THE FINANCIAL STATEMENTS

NOTE 2 – CASH, CASH EQUIVALENTS, AND INVESTMENTS (continued)

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, 2012.

NOTE 3 – ACCOUNTS RECEIVABLE - OTHER

Accounts receivable - other in the governmental funds at December 31, 2012 consisted of the following:

Comcast franchise fee	\$ 65,598
Miscellaneous receivables	<u>63,091</u>
	<u>\$ 128,689</u>

The City also has a receivable from the Westmoreland County Transit Authority in connection with the assumption of the assets and liabilities of the Greensburg Parking Authority. The total outstanding balance of \$70,400 is due to the City on or before December 1, 2016.

NOTE 4 – INTERFUND TRANSFERS

Interfund transfers at December 31, 2012 are summarized below:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Major Funds:		
General	\$ 1,750,068	\$ 1,199,595
2005 General Obligation Note	900,000	920,953
Debt Service Fund	218,880	-
Parking Revenue	295,703	1,068,948
Hutchinson Garage	21,912	360,367
Other Governmental	<u>363,300</u>	<u>-</u>
Total	<u>\$ 3,549,863</u>	<u>\$ 3,549,863</u>

Transfers between funds mainly represent reimbursements and administrative fees paid on behalf of other funds. Transfers of capital assets from the General Fund to the Parking Revenue Fund are not recorded in the governmental activities fund financial statements. The total capital asset transfers from the General Fund included above for 2012 were \$293,729.

CITY OF GREENSBURG
NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 – CAPITAL ASSETS

Primary Government

A summary of changes in capital assets during year 2012 is as follows:

	Beginning Balance	Additions	Transfers/ (Deletions)	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,155,695	\$ -	\$ (231,897)	\$ 923,798
Construction in progress	818,509	168,050	(70,789)	915,770
	<u>1,974,204</u>	<u>168,050</u>	<u>(302,686)</u>	<u>1,839,568</u>
Capital assets, being depreciated:				
Buildings	8,903,662	95,188	-	8,998,850
Land improvements	1,497,811	-	(91,355)	1,406,456
Leasehold improvements	1,399,165	34,185	(77,301)	1,356,049
Equipment and vehicles	7,105,212	735,627	(124,586)	7,716,253
Infrastructure	9,226,046	287,029	-	9,513,075
	<u>28,131,896</u>	<u>1,152,029</u>	<u>(293,242)</u>	<u>28,990,683</u>
Less accumulated depreciation for:				
Buildings	(4,624,335)	(187,792)	-	(4,812,127)
Land improvements	(1,172,244)	(30,584)	91,355	(1,111,473)
Leasehold improvements	(750,730)	(56,809)	413	(807,126)
Equipment and vehicles	(5,359,647)	(450,128)	172,734	(5,637,041)
Infrastructure	(799,957)	(189,465)	-	(989,422)
Total accumulated depreciation	<u>(12,706,913)</u>	<u>(914,778)</u>	<u>264,502</u>	<u>(13,357,189)</u>
Governmental activities:				
Capital assets, net	\$ <u>17,399,187</u>	\$ <u>405,301</u>	\$ <u>(331,426)</u>	\$ <u>17,473,062</u>

Depreciation expense was charged to governmental functions as follows:

Depreciation - Governmental

Department of Public Affairs and Safety	\$ 297,439
Department of Accounting and Finance	5,610
Department of Administration Development	34,176
Department of Public Works	267,936
Department of Parks and Recreation	309,617
	<u>\$ 914,778</u>

CITY OF GREENSBURG
NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 – CAPITAL ASSETS (continued)

	Beginning Balance	Additions	Transfers/ (Deletions)	Ending Balance
Business-Type Activities:				
Capital assets, not being depreciated:				
Land	\$ 947,828	\$ -	\$ 231,897	\$ 1,179,725
Construction in progress	-	20,953	-	20,953
	<u>947,828</u>	<u>20,953</u>	<u>231,897</u>	<u>1,200,678</u>
Capital assets, being depreciated:				
Land improvements	4,798,286	14,143	-	4,812,429
Buildings	8,797,489	7,359	21,912	8,826,760
Leasehold improvements	333,068	-	38,134	371,202
Infrastructure	166,029	-	-	166,029
Equipment and vehicles	218,230	10,046	-	228,276
	<u>14,313,102</u>	<u>31,548</u>	<u>60,046</u>	<u>14,404,696</u>
Less accumulated depreciation for:				
Land improvements	(1,373,701)	(223,277)	-	(1,596,978)
Buildings	(4,564,577)	(214,903)	-	(4,779,480)
Leasehold improvements	(67,560)	(18,458)	41,036	(44,982)
Infrastructure	(9,570)	(3,320)	-	(12,890)
Equipment and vehicles	<u>(175,962)</u>	<u>(7,608)</u>	<u>-</u>	<u>(183,570)</u>
Total accumulated depreciation	<u>(6,191,370)</u>	<u>(467,566)</u>	<u>41,036</u>	<u>(6,617,900)</u>
Business-type activities				
Capital assets, net	\$ <u>9,069,560</u>	\$ <u>(415,065)</u>	\$ <u>332,979</u>	\$ <u>8,987,474</u>

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

Depreciation - Business-type

Department of Public Works	\$ <u>467,566</u>
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CITY OF GREENSBURG
NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 – LONG-TERM DEBT OF THE PRIMARY GOVERNMENT

Long-term liability activity for the City for year ended December 31, 2012 was as follows:

	Beginning Balance	Additions	Repayment	Ending Balance	Due Within On Year
<i><u>Governmental Activities</u></i>					
G.O. Bonds	\$ 7,405,000	\$ -	\$ 975,000	\$ 6,430,000	\$ 1,115,000
Mortgage payable	200,000	-	-	200,000	-
Capital leases	113,102	308,507	97,897	323,712	73,147
Compensated absences	92,559	3,334	-	95,893	-
Total governmental activities	<u>7,810,661</u>	<u>311,841</u>	<u>1,072,897</u>	<u>7,049,605</u>	<u>1,188,147</u>
<i><u>Business-type Activities</u></i>					
Capital leases	<u>225,713</u>	<u>-</u>	<u>40,402</u>	<u>185,311</u>	<u>42,644</u>
Total business-type activities	<u>225,713</u>	<u>-</u>	<u>40,402</u>	<u>185,311</u>	<u>42,644</u>
Total	<u>\$ 8,036,374</u>	<u>\$ 311,841</u>	<u>\$ 1,113,299</u>	<u>\$ 7,234,916</u>	<u>\$ 1,230,791</u>

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 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, 2012, there was no balance outstanding relating to the 2001 Bonds in the Parking Revenue Fund on the statement of net position proprietary funds and as business-type activities on the statement of net position. 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.

CITY OF GREENSBURG
NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 – LONG-TERM DEBT OF THE PRIMARY GOVERNMENT (continued)

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 refunded through the issuance of the 2011 General Obligation Bonds. During the year ended December 31, 2012, the remaining principal balance of \$2,890,000 was paid. At December 31, 2012, there was no outstanding balance relating to the 2003 Bonds recorded as governmental activities on the statement of net position. 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, 2012, the amount outstanding relating to the 2011 Bonds was \$6,430,000. The 2011 Bonds carry interest rates ranging from 1.25% to 3.50% and mature through 2026.

The City 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 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, 2012, there was no outstanding balance relating to the 2005 Note recorded as governmental activities on the statement of net position. The 2005 Note was payable semi-annually, carried an interest rate of 4.25%, and was originally set to mature through 2026.

CITY OF GREENSBURG
NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 – LONG-TERM DEBT OF THE PRIMARY GOVERNMENT (continued)

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.

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

Governmental Activities:

Year Ending December 31,	Principal	Interest	Total Payments
2013	\$ 1,115,000	\$ 160,911	\$ 1,275,911
2014	1,145,000	127,461	1,272,461
2015	1,180,000	93,111	1,273,111
2016	770,000	78,361	848,361
2017	230,000	68,671	298,671
2018-2022	1,215,000	264,469	1,479,469
2023-2026	975,000	77,631	1,052,631
	\$ 6,630,000	\$ 870,615	\$ 7,500,615

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. This lease was paid off during 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. This lease was paid off during 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 February 2011, the City entered into a lease agreement for a truck at a cost of \$31,700. The lease bears interest at a rate of 4.90% and requires annual payments of principal and interest. The lease is secured by the vehicle and will mature in 2015.

In March 2012, the City entered into a lease agreement for golf carts at a cost of \$38,750. The lease bears interest at a rate of 4.23% and requires annual payments of principal and interest. The lease is secured by the vehicle and will mature in 2016.

CITY OF GREENSBURG
NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 – LONG-TERM DEBT OF THE PRIMARY GOVERNMENT (continued)

Obligations under Capital Leases (continued)

In April 2012, the City entered into a lease agreement for golf course mowing equipment at a cost of \$220,797. The lease bears interest at a rate of 4.05% and requires annual payments of principal and interest. The lease is secured by the vehicle and will mature in 2017.

In December 2012, the City entered into a lease agreement for a dump truck at a cost of \$48,960. The lease bears interest at a rate of 4.62% and requires annual payments of principal and interest. The lease is secured by the vehicle and will mature in 2016.

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.

Future minimum lease payments for these capital leases for the years ending December 31 are as follows:

Governmental Activities:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payments</u>
2013	\$ 73,147	\$ 13,669	\$ 86,816
2014	76,274	10,542	86,816
2015	79,513	7,303	86,816
2016	55,769	3,947	59,716
2017	39,009	1,609	40,618
	<u>\$ 323,712</u>	<u>\$ 37,070</u>	<u>\$ 360,782</u>

Business-type Activities:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payments</u>
2013	\$ 42,664	\$ 10,285	\$ 52,949
2014	45,011	7,918	52,929
2015	47,509	5,420	52,929
2016	50,127	2,783	52,910
	<u>\$ 185,311</u>	<u>\$ 26,406</u>	<u>\$ 211,717</u>

CITY OF GREENSBURG
NOTES TO THE FINANCIAL STATEMENTS

NOTE 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 15th 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 2012, City real estate taxes were levied at the rate of 25.05 mills on assessed valuation (\$130,796,460), as follows:

General purposes	17.05 mills
Debt service	8.00 mills

The other taxes levied for 2012 were as follows:

Real estate transfer tax	0.50%
Local service 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

NOTE 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 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.

For those police officers hired prior to January 1, 2009, 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.

CITY OF GREENSBURG
NOTES TO THE FINANCIAL STATEMENTS

NOTE 8 – PENSION PLANS (continued)

Police Plan Description (continued)

For those police officers hired after January 1, 2009, the participants are subject to the provisions of the Third Class City Code and are eligible to retire after 20 years of service and attainment of age 50. The monthly pension benefit is equal to 50 percent of the participant's final monthly average salary.

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. The Police Plan did not have any investment transactions with related parties during the year.

Police Plan Contributions and Funding Policy

Act 205 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 2012, the City used the Commonwealth allocation of \$364,763 for its Police Plan. The remaining \$301,750 of MMO was paid by the General Fund.

Employee contributions to the Police Plan for 2012 were \$106,541, which represents 5% of covered payroll.

CITY OF GREENSBURG
NOTES TO THE FINANCIAL STATEMENTS

NOTE 8 – PENSION PLANS (continued)

Police Plan Description (continued)

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 obligation (NPO) for the Police Plan as of December 31, 2012, calculated as follows:

	<u>Police</u>
Annual required contribution	\$ 784,609
Interest on NPO	59
Adjustment to the ARC	<u>119</u>
Annual pension cost	784,787
Contribution made	<u>666,513</u>
Change in NPO	118,274
NPO, December 31, 2011	(741)
NPO, December 31, 2012	<u><u>\$ 117,533</u></u>

CITY OF GREENSBURG
NOTES TO THE FINANCIAL STATEMENTS

NOTE 8 – PENSION PLANS (continued)

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>
12/31/2010	\$ 604,904	100%	\$ (97,776)
12/31/2011	774,316	86%	(741)
12/31/2012	784,787	85%	117,533

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.

The projection of benefits does not explicitly incorporate the potential effects of legal or contractual funding limitations.

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:

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

CITY OF GREENSBURG
NOTES TO THE FINANCIAL STATEMENTS

NOTE 8 – PENSION PLANS (continued)

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 2012, the MMO for the Non-Uniformed Plan was \$108,848, which was paid by the General Fund.

Employee contributions to the Non-Uniformed Plan for 2012 were \$76,907, 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:

	<u>Non-Uniformed Employees</u>
Annual pension cost	\$ 108,848
Contributions made	\$ 108,848
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

CITY OF GREENSBURG
NOTES TO THE FINANCIAL STATEMENTS

NOTE 8 – PENSION PLANS (continued)

Non-Uniformed Plan Contributions and Funding Policy (continued)

The City does not have a net pension asset or obligation for the Non-Uniformed Plan as of December 31, 2012, calculated as follows:

Annual required contribution	\$	108,848
Interest on NPO		-
Adjustment to the ARC		-
		<hr/>
Annual pension cost		108,848
Contribution made		108,848
Change in NPO		-
		<hr/>
NPO, December 31, 2011		-
NPO, December 31, 2012	\$	<hr/> <hr/>

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>
12/31/2010	\$ 29,030	100%	\$ -
12/31/2011	115,993	100%	-
12/31/2012	108,848	100%	-

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	100.5%	\$ 2,290,250	2.1%

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.

CITY OF GREENSBURG
NOTES TO THE FINANCIAL STATEMENTS

NOTE 9 – OTHER POST EMPLOYMENT 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 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, with the option to purchase additional benefits at the employees sole cost.

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 2012, the City contributed \$77,926 to the OPEB Plan, all of which was for current premiums. OPEB Plan members receiving benefits contributed \$9,606 or approximately 12 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 THE FINANCIAL STATEMENTS

NOTE 9 – OTHER POST EMPLOYMENT BENEFITS (continued)

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:

	Police	Non-Uniformed, Non-Union	Non-Uniformed, Union	Total
Annual required contribution	\$ 292,685	\$ 20,420	\$ 27,226	\$ 340,331
Interest on net OPEB obligation	46,374	3,235	4,315	53,924
Adjustment to annual required contribution	(64,986)	(4,534)	(6,045)	(75,565)
Annual OPEB cost	274,073	19,121	25,496	318,690
Contributions made	75,278	5,252	7,002	87,532
Increase in net OPEB obligation	198,795	13,869	18,494	231,158
Net OPEB obligation beginning of year	1,125,510	54,101	62,288	1,241,899
Net OPEB obligation end of year	\$ 1,324,305	\$ 67,970	\$ 80,782	\$ 1,473,057

Three-Year Trend Information

Year Ending	Annual OPEB Cost (AOC)	Percentage of AOC Contributed	Net OPEB Obligation
Police:			
December 31, 2012	\$ 274,073	27.5%	\$ 1,324,305
December 31, 2011	278,817	24.4%	1,125,510
December 31, 2010	339,496	18.5%	914,843
Non-Uniformed, Non-Union:			
December 31, 2012	\$ 19,121	27.5%	\$ 67,970
December 31, 2011	19,318	25.1%	54,101
December 31, 2010	14,358	28.6%	39,634
Non-Uniformed, Union:			
December 31, 2012	\$ 25,496	27.5%	\$ 80,782
December 31, 2011	25,894	14.1%	62,288
December 31, 2010	13,468	2.7%	40,036

CITY OF GREENSBURG
NOTES TO THE FINANCIAL STATEMENTS

NOTE 9 – OTHER POST EMPLOYMENT BENEFITS (continued)

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 during the period covered by the actuarial report.

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

Actuarial Methods and Assumptions

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

	<u>Police and Non-Uniformed</u>
Actuarial valuation date	1/1/2011
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 THE FINANCIAL STATEMENTS

NOTE 9 – OTHER POST EMPLOYMENT BENEFITS (continued)

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%

NOTE 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, 2012, 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, 2012 totaled \$2,472,390. 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.

NOTE 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.

NOTE 12 – CORRECTION OF AN ERROR

During 2012, the City identified an error in the recording of certain payments payable at year end related to the Parking Revenue Fund. In the prior year, these expenses were not properly accrued at year end. This restatement lead to a decrease in beginning net position and previously reported changes in net position of \$167,065 in the Parking Revenue Fund.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF GREENSBURG
SCHEDULES OF FUNDING PROGRESS
POLICE AND NON-UNIFORMED PENSION PLANS
DECEMBER 31, 2012

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)
<u>Police:</u>						
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%
<u>Non-Uniformed Employees:</u>						
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 require supplementary information.

CITY OF GREENSBURG
SCHEDULES OF CONTRIBUTIONS FROM EMPLOYERS
AND OTHER CONTRIBUTING ENTITIES
POLICE AND NON-UNIFORMED PENSION PLANS
DECEMBER 31, 2012

<u>Fiscal Year Ending</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
<u>Police:</u>		
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%
12/31/2012	784,609	85%
<u>Non-Uniformed Employees</u>		
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%
12/31/2012	108,848	100%

See accompanying note to require supplementary information.

CITY OF GREENSBURG
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2012

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/S
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

See independent accountants' report.

CITY OF GREENSBURG
SCHEDULE OF FUNDING PROGRESS
OTHER POSTEMPLOYMENT BENEFIT PLANS
DECEMBER 31, 2012

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	-	3,358,497	3,358,497	0.0%
1/31/2005	N/A	N/A	N/A	N/A

See independent accountants' report.

CITY OF GREENSBURG
POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS
(OPEBs) FACTORS AND TRENDS USED IN ACTUARIAL VALUATION
DECEMBER 31, 2012

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	
Amortization period	30 years	
Asset valuation method	N/A - the OPEB Pan 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%

See independent accountants' report.

SUPPLEMENTARY INFORMATION

CITY OF GREENSBURG
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
AS OF DECEMBER 31, 2012

	Special Revenues 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 Note	Police Equipment Fund	Fire Department Capital Equipment Fund	Hutchinson Garage Reserve Fund	
Assets										
Cash and cash equivalents	\$ 1,621	\$ 309,997	\$ 85,578	\$ 94,754	\$ -	\$ 58,466	\$ 45,633	\$ 792,176	\$ 186,351	\$ 1,574,576
Taxes receivables	-	-	-	1,750	924	-	-	92	-	2,766
Intergovernmental receivables	-	12,409	-	-	-	-	-	-	-	12,409
Total Assets	<u>\$ 1,621</u>	<u>\$ 322,406</u>	<u>\$ 85,578</u>	<u>\$ 96,504</u>	<u>\$ 924</u>	<u>\$ 58,466</u>	<u>\$ 45,633</u>	<u>\$ 792,268</u>	<u>\$ 186,351</u>	<u>\$ 1,589,751</u>
Liabilities										
Accounts payable	\$ -	\$ 40,146	\$ -	\$ 311	\$ 924	\$ -	\$ 25	\$ 1,476	\$ -	\$ 42,882
Deferred revenue	-	-	-	2,000	-	-	-	-	-	2,000
Total Liabilities	<u>-</u>	<u>40,146</u>	<u>-</u>	<u>2,311</u>	<u>924</u>	<u>-</u>	<u>25</u>	<u>1,476</u>	<u>-</u>	<u>44,882</u>
Fund Balance										
Restricted	1,621	282,260	-	-	-	58,466	-	-	-	342,347
Committed	-	-	85,578	94,193	-	-	45,608	790,792	186,351	1,202,522
Total Fund Balance	<u>1,621</u>	<u>282,260</u>	<u>85,578</u>	<u>94,193</u>	<u>-</u>	<u>58,466</u>	<u>45,608</u>	<u>790,792</u>	<u>186,351</u>	<u>1,544,869</u>
Total Liabilities and Fund Balance	<u>\$ 1,621</u>	<u>\$ 322,406</u>	<u>\$ 85,578</u>	<u>\$ 96,504</u>	<u>\$ 924</u>	<u>\$ 58,466</u>	<u>\$ 45,633</u>	<u>\$ 792,268</u>	<u>\$ 186,351</u>	<u>\$ 1,589,751</u>

See independent accountants' report.

CITY OF GREENSBURG
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	Special Revenues 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 Note	Police Equipment Fund	Fire Department Capital Equipment Fund	Hutchinson Garage Reserve Fund	
Revenues										
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,000	\$ -	\$ -	\$ 14,000
License and permits	-	-	-	-	-	-	110	-	-	110
Charges for service	-	-	61,123	2,000	-	-	675	-	-	63,798
Intergovernmental revenue	-	298,291	-	-	-	-	500	-	-	298,791
Interest, rents, and royalties	-	-	154	-	-	-	-	1	49	204
Miscellaneous	500	13,010	18,800	104,011	-	-	-	146,456	-	282,777
Total revenues	500	311,301	80,077	106,011	-	-	15,285	146,457	49	659,680
Expenditures										
Department of Public Affairs and Safety	-	-	-	-	-	-	1,840	6,268	-	8,108
Department of Public Works	-	324,395	-	-	-	-	-	-	-	324,395
Department of Parks and Recreation	-	-	99,941	92,058	-	-	-	-	-	191,999
Capital outlay	-	-	-	-	-	37,938	68,649	263,584	-	370,171
Total expenditures	-	324,395	99,941	92,058	-	37,938	70,489	269,852	-	894,673
Excess (Deficiency) of Revenues Over Expenditures	500	(13,094)	(19,864)	13,953	-	(37,938)	(55,204)	(123,395)	49	(234,993)
Other Financing Sources (Uses)										
Transfers in	-	-	31,026	-	-	-	46,540	232,698	53,036	363,300
Total other financing sources (uses)	-	-	31,026	-	-	-	46,540	232,698	53,036	363,300
Net Change in Fund Balance	500	(13,094)	11,162	13,953	-	(37,938)	(8,664)	109,303	53,085	128,307
Beginning Fund Balance	1,121	295,354	74,416	80,240	-	96,404	54,272	681,489	133,266	1,416,562
Ending Balance	\$ 1,621	\$ 282,260	\$ 85,578	\$ 94,193	\$ -	\$ 58,466	\$ 45,608	\$ 790,792	\$ 186,351	\$ 1,544,869

See independent accountants' report.

CITY OF GREENSBURG
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS – BUDGETARY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012

	Armstrong Fund			Motor Tax Fund		
	<u>Budget</u> <u>Original/Final</u>	<u>Actual</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget</u>	<u>Budget</u> <u>Original/Final</u>	<u>Actual</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget</u>
Revenues						
Intergovernmental	\$ -	\$ -	\$ -	\$ 300,000	\$ 298,291	\$ (1,709)
Interest, rents, and royalties	-	-	-	400	-	(400)
Miscellaneous	<u>500</u>	<u>500</u>	<u>-</u>	<u>16,365</u>	<u>13,010</u>	<u>(3,355)</u>
Total revenues	<u>500</u>	<u>500</u>	<u>-</u>	<u>316,765</u>	<u>311,301</u>	<u>(5,464)</u>
Expenditures						
Department of Public Works	<u>-</u>	<u>-</u>	<u>-</u>	<u>404,118</u>	<u>324,395</u>	<u>79,723</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>404,118</u>	<u>324,395</u>	<u>79,723</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>500</u>	<u>500</u>	<u>-</u>	<u>(87,353)</u>	<u>(13,094)</u>	<u>74,259</u>
Net Change in Fund Balance	<u>\$ 500</u>	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ (87,353)</u>	<u>\$ (13,094)</u>	<u>\$ 74,259</u>

See independent accountants' report.

CITY OF GREENSBURG
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS – BUDGETARY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012

	Greensburg Community Days Fund			St. Clair Park Concert Series Fund		
	Budget <u>Original/Final</u>	Actual <u>(Budgetary Basis)</u>	Variance with <u>Final Budget</u>	Budget <u>Original/Final</u>	Actual <u>(Budgetary Basis)</u>	Variance with <u>Final Budget</u>
Revenues						
Charges for service	\$ 60,450	\$ 61,123	\$ 673	\$ 2,000	\$ 2,000	\$ -
Interest, rents, and royalties	200	154	(46)	75	-	(75)
Miscellaneous	<u>40,000</u>	<u>18,800</u>	<u>(21,200)</u>	<u>93,000</u>	<u>104,011</u>	<u>11,011</u>
Total revenues	<u>100,650</u>	<u>80,077</u>	<u>(20,573)</u>	<u>95,075</u>	<u>106,011</u>	<u>10,936</u>
Expenditures						
Department of Parks and Recreation	<u>104,950</u>	<u>99,941</u>	<u>5,009</u>	<u>100,000</u>	<u>92,058</u>	<u>7,942</u>
Total expenditures	<u>104,950</u>	<u>99,941</u>	<u>5,009</u>	<u>100,000</u>	<u>92,058</u>	<u>7,942</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(4,300)</u>	<u>(19,864)</u>	<u>(15,564)</u>	<u>(4,925)</u>	<u>13,953</u>	<u>18,878</u>
Other Financing Sources (Uses)						
Transfers in	<u>-</u>	<u>31,026</u>	<u>(31,026)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>31,026</u>	<u>(31,026)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (4,300)</u>	<u>\$ 11,162</u>	<u>\$ 15,462</u>	<u>\$ (4,925)</u>	<u>\$ 13,953</u>	<u>\$ 18,878</u>

See independent accountants' report.

CITY OF GREENSBURG
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS – BUDGETARY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012

	Grant Fund		
	Budget	Actual	Variance with
	<u>Original/Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
Revenues			
Charges for service	\$ -	\$ -	\$ -
Interest, rents, and royalties	-	-	-
Miscellaneous	-	-	-
	<hr/>	<hr/>	<hr/>
Total revenues	-	-	-
	<hr/>	<hr/>	<hr/>
Expenditures			
Department of Parks and Recreation	-	-	-
	<hr/>	<hr/>	<hr/>
Total expenditures	-	-	-
	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenues			
Over Expenditures	-	-	-
	<hr/>	<hr/>	<hr/>
Other Financing Sources (Uses)			
Transfers in	-	-	-
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	-	-
	<hr/>	<hr/>	<hr/>
Net Change in Fund Balance	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

See independent accountants' report.

CITY OF GREENSBURG
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
CAPITAL PROJECTS FUNDS AND DEBT SERVICE FUND – BUDGETARY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012

	2003 General Obligation Bond Fund			Police Equipment Fund		
	<u>Budget</u>	<u>Actual</u>	<u>Variance with</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance with</u>
	<u>Original/Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>	<u>Original/Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ 14,100	\$ 14,000	\$ (100)
License and permits	-	-	-	1,000	110	(890)
Charges for service	-	-	-	100	675	575
Intergovernmental	-	-	-	500	500	-
Interest, rents, and royalties	100	-	(100)	75	-	(75)
Miscellaneous	-	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	100	-	(100)	15,775	15,285	(490)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures						
Department of Public Affairs and Safety	-	-	-	-	1,840	(1,840)
Department of Public Works	-	-	-	-	-	-
Department of Parks and Recreation	-	-	-	-	-	-
Capital outlays	50,000	37,938	12,062	67,000	68,649	(1,649)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	50,000	37,938	12,062	67,000	70,489	(3,489)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenues						
Over Expenditures	(49,900)	(37,938)	11,962	(51,225)	(55,204)	(3,979)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Other Financing Sources (Uses)						
Transfers in	-	-	-	46,000	46,540	(540)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	-	-	46,000	46,540	(540)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net Change in Fund Balance	\$ (49,900)	\$ (37,938)	\$ 11,962	\$ (5,225)	\$ (8,664)	\$ (3,439)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

See independent accountants' report.

CITY OF GREENSBURG
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
CAPITAL PROJECTS FUNDS AND DEBT SERVICE FUND – BUDGETARY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012

	Fire Department Capital Equipment Fund			Hutchinson Garage Reserve Fund		
	Budget	Actual	Variance with	Budget	Actual	Variance with
	<u>Original/Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>	<u>Original/Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
License and permits	-	-	-	-	-	-
Charges for service	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Interest, rents, and royalties	1,000	1	(999)	-	49	49
Miscellaneous	-	146,456	146,456	-	-	-
Total revenues	<u>1,000</u>	<u>146,457</u>	<u>145,457</u>	<u>-</u>	<u>49</u>	<u>49</u>
Expenditures						
Department of Public Affairs and Safety	5,000	6,268	(1,268)	-	-	-
Department of Public Works	-	-	-	-	-	-
Department of Parks and Recreation	-	-	-	-	-	-
Capital outlays	<u>915,000</u>	<u>263,584</u>	<u>651,416</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>920,000</u>	<u>269,852</u>	<u>650,148</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues						
Over Expenditures	<u>(919,000)</u>	<u>(123,395)</u>	<u>795,605</u>	<u>-</u>	<u>49</u>	<u>49</u>
Other Financing Sources (Uses)						
Transfers in	<u>231,221</u>	<u>232,698</u>	<u>(1,477)</u>	<u>45,500</u>	<u>53,036</u>	<u>(7,536)</u>
Total other financing sources (uses)	<u>231,221</u>	<u>232,698</u>	<u>(1,477)</u>	<u>45,500</u>	<u>53,036</u>	<u>(7,536)</u>
Net Change in Fund Balance	<u>\$ (687,779)</u>	<u>\$ 109,303</u>	<u>\$ 797,082</u>	<u>\$ 45,500</u>	<u>\$ 53,085</u>	<u>\$ 7,585</u>

See independent accountants' report.