

CITY OF GREENFIELD

BASIC FINANCIAL STATEMENT



JUNE 30, 2011

**CITY OF GREENFIELD
CALIFORNIA**

FINANCIAL STATEMENTS
June 30, 2011

CITY OF GREENFIELD

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FINANCIAL SECTION



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INDEPENDENT AUDITORS' REPORT

City Council of the City of Greenfield
Greenfield, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate fund information of the City of Greenfield (the City), as of and for the fiscal year ended June 30, 2011, which collectively comprise the City's basic financial statements, as listed in the foregoing table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to 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 of Greenfield as of June 30, 2011, the respective changes in the financial position and cash flows, where applicable thereof, for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 28, 2011, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

As discussed in note 1 to basic financial statements effective July 1, 2010, the City of Greenfield adopted Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* and GASB Statement No. 59, *Financial Statements Omnibus*.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8 and the budgetary information on pages 45 through 47, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

MOSS, LEVY & HARTZHEIM LLP

Moss, Levy & Hartzheim LLP

December 28, 2011

CITY OF GREENFIELD

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2011

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, management of the City of Greenfield (the City) provides the following narrative overview and analysis for the fiscal year ended June 30, 2011. We encourage readers to consider the information presented here in conjunction with the accompanying basic financial statements.

Financial Highlights

- The assets of the City exceeded its liabilities, at fiscal year end June 30, 2011, by \$38,156,665. This represents a decrease of \$658,031 from the prior fiscal year.
- As of June 30, 2011, the City's governmental funds reported combined ending fund balances of \$23,031,416. This represents a decrease of \$13,054,564 from the prior fiscal year.
- As of June 30, 2011, the unassigned fund balance for the General Fund was \$2,132,790 or 35% of total General Fund expenditures.

Overview of Financial Statements

Management's discussion and analysis is intended to serve as an introduction to the City's basic financial statements, which includes three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

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

The *statement of activities* presents information showing how the government's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the changes occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues, known as governmental activities, from other functions that are intended to recover all or a significant portion of their costs through user fees and charges, known as business-type activities. The governmental activities of the City include general government, public works, building and planning, parks and recreation, community development, public safety, and streets and roads. The business-type activities of the City include water, sewer, and transit.

These financial statements present the financial activity of the City, which is the primary government, along with the financial activities of its component unit, the Redevelopment Agency of the City of Greenfield (the Agency), which is an entity for which the City is financially accountable. Although they are separate legal entities, blended component units are in substance part of the City's operations and are reported as an integral part of the City's financial statements.

The government-wide financial statements can be found on pages 9 through 13 of this report.

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 governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

CITY OF GREENFIELD

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2011

Governmental Funds

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

Because of 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. The financial statements also provide a reconciliation of the governmental funds to the government-wide financial statements to facilitate this comparison.

The City maintains 21 individual governmental funds. GASB Statement No. 34 requires the City's major funds be identified and presented separately in the fund financial statements. The General Fund, Home Grant Fund, Civic Center Construction Fund, Redevelopment Agency Low-Moderate Fund, Redevelopment Agency Capital Projects Fund, and the Redevelopment Agency Debt Service Fund are reported as major funds. Data from the other 15 governmental funds, called non-major funds, are combined and reported in a single column, regardless of their fund-type. Individual fund data for each of these non-major governmental funds are provided in the form of *combining statements* in the supplemental information section of this report.

The City adopts an annual appropriations budget for most of its governmental funds. A budgetary comparison schedule has been provided for each major special revenue governmental fund in order to depict excess expenditures.

The basic governmental fund financial statements can be found on pages 14 through 20 of this report.

Proprietary Funds

The City maintains three proprietary funds: the Water Fund, Sewer Fund, and the Transit Fund.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. Each proprietary fund is considered major and is presented individually in the fund financial statements.

The proprietary funds financial statements can be found on pages 21 through 24 of this report.

Notes to the 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 the financial statements can be found on pages 25 through 43 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which includes budgetary comparison schedules for the General Fund and Major Special Revenue Funds. Required supplementary information can be found on pages 45 through 47 of this report. The supplemental information section, mentioned above, can be found on pages 50 through 57 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Greenfield, assets exceeded liabilities by \$38,156,665 at June 30, 2011.

The largest portion of the City's net assets (48%) reflects its investment in capital assets (e.g. land, infrastructure, buildings, and equipment). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. The *Statement of Net Assets* is presented on the following page:

Continued on next page

CITY OF GREENFIELD

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2011

Statement of Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 29,340,642	\$ 42,622,274	\$ 3,231,047	\$ 4,047,390	\$ 32,571,689	\$ 46,669,664
Capital assets	28,808,676	20,052,440	14,543,366	15,020,212	43,352,042	35,072,652
Total assets	58,149,318	62,674,714	17,774,413	19,067,602	75,923,731	81,742,316
Current liabilities	2,856,572	3,059,975	539,526	729,004	3,396,098	3,788,979
Noncurrent liabilities	29,119,577	33,750,342	5,251,391	5,388,299	34,370,968	39,138,641
Total liabilities	31,976,149	36,810,317	5,790,917	6,117,303	37,767,066	42,927,620
Invested in capital assets, net of related debt	9,265,441	17,918,324	9,155,067	9,499,186	18,420,508	27,417,510
Restricted	24,652,309	3,922,249			24,652,309	3,922,249
Unrestricted	(7,744,581)	4,023,824	2,828,429	3,451,113	(4,916,152)	7,474,937
Total net assets	\$ 26,173,169	\$ 25,864,397	\$ 11,983,496	\$ 12,950,299	\$ 38,156,665	\$ 38,814,696

The City's total net assets decreased by \$658,031 for the fiscal year 2010-2011 of which an increase of \$308,772 related to governmental activities and a decrease of \$966,803 related to business-type activities. These changes are presented below and on the following page:

Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Program Revenues:						
Charges for services	\$ 2,265,585	\$ 2,991,943	\$ 1,572,298	\$ 1,428,853	\$ 3,837,883	\$ 4,420,796
Operating contributions and grants	1,230,977	1,555,112	532,058	332,845	1,763,035	1,887,957
Capital contributions and grants			15,012	310,395	15,012	310,395
General Revenues:						
Property taxes	3,624,645	4,092,072			3,624,645	4,092,072
Other taxes	1,564,930	102,138			1,564,930	102,138
Other revenue	966,126	1,733,849	(319,633)	25,799	646,493	1,759,648
Transfers	887,948	1,117,782		(1,117,782)	887,948	
Total revenues	10,540,211	11,592,896	1,799,735	980,110	12,339,946	12,573,006
Expenses:						
General government	2,923,425	4,082,239			2,923,425	4,082,239
Public works	273,279	581,624			273,279	581,624
Building and planning	326,830	331,114			326,830	331,114
Parks and recreation	366,938	479,673			366,938	479,673
Community development	1,139,616	948,322			1,139,616	948,322
Public safety	3,170,917	3,269,187			3,170,917	3,269,187
Streets and roads	558,502	567,769			558,502	567,769
Interest on long-term debt	1,471,932	1,536,780			1,471,932	1,536,780
Water			1,249,468	976,026	1,249,468	976,026
Sewer			715,471	727,283	715,471	727,283
Transit			528,625	369,789	528,625	369,789
Total expenses	10,231,439	11,796,708	2,493,564	2,073,098	12,725,003	13,869,806

Continued on next page

CITY OF GREENFIELD

MANAGEMENT’S DISCUSSION AND ANALYSIS

June 30, 2011

Continued from previous page

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Change in net assets	\$ 308,772	\$ (203,812)	\$ (693,829)	\$ (1,092,988)	\$ (385,057)	\$ (1,296,800)
Net assets – beginning	25,864,397	26,068,209	12,950,299	14,043,287	38,814,696	40,111,496
Prior period adjustment			(272,974)		(272,974)	
Net assets – ending	<u>\$ 26,173,169</u>	<u>\$ 25,864,397</u>	<u>\$ 11,983,496</u>	<u>\$ 12,950,299</u>	<u>\$ 38,156,665</u>	<u>\$ 38,814,696</u>

Fund Financial Analysis

At June 30, 2011, the City’s governmental funds reported combined ending fund balances of \$23,031,416, a decrease of \$13,054,564 in comparison to prior year. Unassigned fund balances amounted to \$1,461,525 at June 30, 2011. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been restricted or is nonspendable.

The General fund is the chief operating fund of the City. At the end of the fiscal year, the fund balance of the General fund was \$2,187,428 of which \$54,638 (2%) is nonspendable. As a measure of the General fund’s liquidity, it may be useful to compare the unassigned fund balance to total fund expenditures.

During the 2010-11 fiscal year, the fund balance of the City’s General fund increased by \$635,991.

Fund balances and changes in fund balances for the other major funds are summarized as follows:

- The Home Grant Fund balance increased from \$(4,476) to \$19,935.
- The Civic Center Construction Fund balance decreased from \$1,220,667 to \$(671,265).
- The Redevelopment Agency Low-Moderate Housing Fund balance increased from \$1,651,920 to \$2,123,485.
- The Redevelopment Agency Capital Projects Fund balance decreased from \$18,148,261 to \$8,902,972.
- The Redevelopment Agency Debt Service Fund balance decreased from \$4,578,948 to \$3,392,864.

Proprietary Funds

The City’s proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net assets of the proprietary funds at the end of the fiscal year amounted to \$2,828,429, a decrease of \$622,684. The total decline in net assets was \$966,803.

Fund level net assets and changes in net assets are summarized as follows:

- The Water fund net assets decreased from \$6,868,123 to \$6,220,588.
- The Sewer fund net assets decreased from \$6,078,020 to \$5,771,150.
- The Transit Fund net assets decreased from \$4,156 to \$(8,242).

General Fund Budgetary Highlights

Difference between the original budget and the final amended budget for expenditures was a decrease of \$299,400. Revenues were \$855,502 above estimates. Actual expenditures were \$10,657 over the final budget.

Capital Assets

The City’s investment in capital assets for its governmental activities and business-type activities as of June 30, 2011, amounts to \$28,808,676 and \$14,543,366 (net of accumulated depreciation), respectively. This investment in capital assets includes land, buildings, park improvements, vehicles, computer equipment, and furniture and other equipment. During the current fiscal year, the City’s net increase in capital assets was \$8,279,390.

CITY OF GREENFIELD

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2011

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

- Construction in Progress – Construction of new civic center at a cost of \$7,214,493; El Camino Real curb & gutter improvements at a cost of \$6,139,476; Walnut Avenue Widening project at \$1,648,464; and El Camino Real storm drain improvements at a cost of \$89,037.
- Property and Equipment – Civic Center furnishings and equipment totaling \$324,992.

Schedule of Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 4,889,949	\$ 2,088,184	\$ 323,537	\$ 323,537	\$ 5,213,486	\$ 2,411,721
Construction in progress	15,120,593	9,148,580	15,012	103,101	15,135,605	9,251,681
Building and improvements	9,353,199	9,239,457			9,353,199	9,239,457
Property and equipment	2,241,750	2,087,733	20,238,075	20,038,490	22,479,825	22,126,223
Infrastructure	1,910,692	1,910,692			1,910,692	1,910,692
Total capital assets	33,516,183	24,474,646	20,576,624	20,465,128	54,092,807	44,939,774
Accumulated depreciation	4,707,507	4,422,206	6,033,258	5,444,916	10,740,765	9,867,122
Net capital assets	<u>\$ 28,808,676</u>	<u>\$ 20,052,440</u>	<u>\$ 14,543,366</u>	<u>\$ 15,020,212</u>	<u>\$ 43,352,042</u>	<u>\$ 35,072,652</u>

Additional information on the City's capital assets can be found in note 5 on pages 34 and 35 of this report.

Long-term Debt

At the end of the fiscal year, the City had total governmental activities debt outstanding of \$29,616,448. Of this amount, \$27,232,355 is a liability of the Agency. At the end of the fiscal year, the City had total business-type activities debt outstanding of \$5,388,299.

Schedule of Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
RDA Tax Allocation Bonds	\$ 26,232,355	\$ 30,806,599	\$ -	\$ -	\$ 26,232,355	\$ 30,806,599
Loan payable	1,000,000	1,000,000	5,388,299	5,521,026	6,388,299	6,521,026
Capital lease payable	2,040,921	2,134,116			2,040,921	2,134,116
Compensated absences	343,172	322,066			343,172	322,066
Total	<u>\$ 29,616,448</u>	<u>\$ 34,262,781</u>	<u>\$ 5,388,299</u>	<u>\$ 5,521,026</u>	<u>\$ 35,004,747</u>	<u>\$ 39,783,807</u>

The City's total debt decreased by \$4,779,060, however, compensated absences increased by \$21,106 due to vacation earned exceeding the amount used. Additional information on the City's long-term debt can be found in note 6 and note 7 on pages 35 through 39 of this report.

CITY OF GREENFIELD

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2011

Economic Factors and Next Year's Budgets and Rates

- Local property values for the General Fund will be moderately less than their present values for the current fiscal year. However, property tax values for the Redevelopment Agency are expected to decline again but very moderately for the fourth consecutive year due to the downturn in the economy and its' impact on the housing market.
- State shared revenues are also expected to decline in the coming fiscal year due to the State of California's budget crisis.
- During the fiscal year 2011-12, management successfully negotiated the continuation of wage and benefit concessions from all bargaining units including non-represented totaling 5%. Additionally, formal, specified budget reductions was adopted to further decrease fiscal year ending 2012 operating budget expenditures.

Request for Information

This financial report is designed to provide a general overview of the financial position of the City of Greenfield for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department, City of Greenfield 599 El Camino Real, Greenfield, California 93927.

CITY OF GREENFIELD
STATEMENT OF NET ASSETS
June 30, 2011

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 21,427,464	\$ 3,053,411	\$ 24,480,875
Accounts receivable, net	977,087	165,906	1,142,993
Grants receivable		226,639	226,639
Interest receivable	53,151	3,599	56,750
Notes receivable	3,726,655		3,726,655
Prepaid expenses	54,638		54,638
Internal balances	218,508	(218,508)	
Deposits	874,070		874,070
Inventory-land held for resale	1,182,000		1,182,000
Debt issuance costs, net of accumulated amortization	827,069		827,069
Capital assets:			
Nondepreciable:			
Land	4,889,949	323,537	5,213,486
Construction in progress	15,120,593	15,012	15,135,605
Depreciable:			
Building and improvements	9,353,199		9,353,199
Property and equipment	2,241,750	20,238,075	22,479,825
Infrastructure	1,910,692		1,910,692
Accumulated depreciation	<u>(4,707,507)</u>	<u>(6,033,258)</u>	<u>(10,740,765)</u>
Total assets	<u>58,149,318</u>	<u>17,774,413</u>	<u>75,923,731</u>

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

CITY OF GREENFIELD
STATEMENT OF NET ASSETS
June 30, 2011

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
LIABILITIES			
Accounts payable	1,516,558	87,449	1,604,007
Accrued payroll	117,296	18,905	136,201
Accrued interest payable	604,199	70,722	674,921
Service deposits	104,759	194,552	299,311
Deferred revenue	16,889	30,990	47,879
Noncurrent liabilities:			
Due within one year	496,871	136,908	633,779
Due in more than one year	29,119,577	5,251,391	34,370,968
	<u>31,976,149</u>	<u>5,790,917</u>	<u>37,767,066</u>
Total liabilities			
	<u>31,976,149</u>	<u>5,790,917</u>	<u>37,767,066</u>
NET ASSETS			
Invested in capital assets, net of related debt	9,265,441	9,155,067	18,420,508
Restricted for:			
Housing	5,870,075		5,870,075
Community development	10,308,474		10,308,474
Debt service	2,788,665		2,788,665
Public safety	12,389		12,389
Streets and roads	444,629		444,629
Building and planning	1,713,097		1,713,097
Public works	3,514,980		3,514,980
Unrestricted	(7,744,581)	2,828,429	(4,916,152)
	<u>(7,744,581)</u>	<u>2,828,429</u>	<u>(4,916,152)</u>
Total net assets	<u>\$ 26,173,169</u>	<u>\$ 11,983,496</u>	<u>\$ 38,156,665</u>

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

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CITY OF GREENFIELD

STATEMENT OF NET ACTIVITIES

For the Fiscal Year Ended June 30, 2011

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues Operating Contributions and Grants</u>
Governmental activities:			
General government	\$ 2,923,425	\$ 300	\$ 87,381
Public works	273,279	1,707,539	
Building and planning	326,830	(37,812)	
Parks and recreation	366,938		
Community development	1,139,616	545,407	5,714
Public safety	3,170,917	50,151	249,339
Streets and roads	558,502		888,543
Interest on long-term debt	<u>1,471,932</u>		
Total governmental activities	<u>10,231,439</u>	<u>2,265,585</u>	<u>1,230,977</u>
Business-type activities:			
Water	1,249,468	873,602	
Sewer	715,471	690,927	
Transit	<u>528,625</u>	<u>7,769</u>	<u>532,058</u>
Total business-type activities	<u>2,493,564</u>	<u>1,572,298</u>	<u>532,058</u>
Total	<u>\$ 12,725,003</u>	<u>\$ 3,837,883</u>	<u>\$ 1,763,035</u>

General Revenues

Taxes:

Secured and unsecured property taxes

Sales and use tax

Transient lodging tax

Franchise taxes

Business license tax

Vehicle in-lieu fees

Investment income

Other

Transfers

Special item-gain from early bond retirement

Total general revenues, transfers, and special item

Change in net assets

Net assets - beginning of fiscal year

Prior period adjustment

Net assets - beginning of fiscal year

Net assets - end of fiscal year

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

Capital Contributions and Grants	Net (Expense) Revenue and Changes in Net Assets		
	Governmental Activities	Business-type Activities	Total
\$ -	\$ (2,835,744)	\$ -	\$ (2,835,744)
	1,434,260		1,434,260
	(364,642)		(364,642)
	(366,938)		(366,938)
	(588,495)		(588,495)
	(2,871,427)		(2,871,427)
	330,041		330,041
	(1,471,932)		(1,471,932)
	<u>(6,734,877)</u>		<u>(6,734,877)</u>
15,012		(360,854)	(360,854)
		(24,544)	(24,544)
		11,202	11,202
15,012		(374,196)	(374,196)
<u>\$ 15,012</u>	<u>(6,734,877)</u>	<u>(374,196)</u>	<u>(7,109,073)</u>
	3,624,645		3,624,645
	1,155,429		1,155,429
	11,773		11,773
	63,854		63,854
	25,144		25,144
	80,754		80,754
	227,976	26,567	254,543
	619,926		619,926
	346,200	(346,200)	
	887,948		887,948
	<u>7,043,649</u>	<u>(319,633)</u>	<u>6,724,016</u>
	<u>308,772</u>	<u>(693,829)</u>	<u>(385,057)</u>
	25,864,397	12,950,299	38,814,696
		(272,974)	(272,974)
	<u>25,864,397</u>	<u>12,677,325</u>	<u>38,541,722</u>
	<u>\$ 26,173,169</u>	<u>\$ 11,983,496</u>	<u>\$ 38,156,665</u>

CITY OF GREENFIELD
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2011

	<u>General Fund</u>	<u>Home Grant Fund</u>	<u>Civic Center Construction Fund</u>	<u>Redevelopment Agency Low-Moderate Fund</u>
ASSETS				
Cash and investments	\$ 1,050,835	\$ 19,935	\$ 13,686	\$ 2,531,434
Accounts receivable	452,162			
Interest receivable	62			
Notes receivable		1,143,962		2,582,693
Prepaid expenditures	54,638			
Deposits	874,070			
Inventory-land held for resale				
Due from other funds	<u>534,371</u>			<u>1,973</u>
Total assets	<u><u>\$ 2,966,138</u></u>	<u><u>\$ 1,163,897</u></u>	<u><u>\$ 13,686</u></u>	<u><u>\$ 5,116,100</u></u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 569,687	\$ -	\$ 684,951	\$ 6,891
Accrued payroll	101,975			3,031
Deferred revenue	2,289	1,143,962		2,582,693
Service deposits	104,759			
Due to other funds				<u>400,000</u>
Total liabilities	<u>778,710</u>	<u>1,143,962</u>	<u>684,951</u>	<u>2,992,615</u>
Fund Balances				
Nonspendable				
Prepaid expenditures	54,638			
Restricted				
Housing		19,935		2,123,485
Community development				
Debt service				
Public safety				
Streets and roads				
Building and planning				
Public works				
Unassigned	<u>2,132,790</u>		<u>(671,265)</u>	
Total fund balances	<u>2,187,428</u>	<u>19,935</u>	<u>(671,265)</u>	<u>2,123,485</u>
Total liabilities and fund balances	<u><u>\$ 2,966,138</u></u>	<u><u>\$ 1,163,897</u></u>	<u><u>\$ 13,686</u></u>	<u><u>\$ 5,116,100</u></u>

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

<u>Redevelopment Agency Capital Projects Fund</u>	<u>Redevelopment Agency Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Totals</u>
\$ 7,891,555	\$ 2,956,686	\$ 6,963,333	\$ 21,427,464
		524,925	977,087
3,796	40,178	9,115	53,151
			3,726,655
			54,638
			874,070
1,182,000			1,182,000
	400,000		936,344
<u>\$ 9,077,351</u>	<u>\$ 3,396,864</u>	<u>\$ 7,497,373</u>	<u>\$ 29,231,409</u>
\$ 174,379	\$ 4,000	\$ 76,650	\$ 1,516,558
		12,290	117,296
		14,600	3,743,544
			104,759
		317,836	717,836
<u>174,379</u>	<u>4,000</u>	<u>421,376</u>	<u>6,199,993</u>
			54,638
			2,143,420
8,902,972		1,390,902	10,293,874
	3,392,864		3,392,864
		12,389	12,389
		444,629	444,629
		1,713,097	1,713,097
		3,514,980	3,514,980
			1,461,525
<u>8,902,972</u>	<u>3,392,864</u>	<u>7,075,997</u>	<u>23,031,416</u>
<u>\$ 9,077,351</u>	<u>\$ 3,396,864</u>	<u>\$ 7,497,373</u>	<u>\$ 29,231,409</u>

CITY OF GREENFIELD

RECONCILIATION OF THE GOVERNMENTAL FUNDS - BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
June 30, 2011

Total fund balances - governmental funds \$ 23,031,416

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

In governmental funds, only current assets are reported. In the statement of net assets, all assets are reported, including capital assets and accumulated depreciation:

Capital assets at historical cost	\$ 33,516,183	
Accumulated depreciation	<u>(4,707,507)</u>	
Net		28,808,676

In governmental funds, long-term notes receivable are not current available resources and therefore, are recognized as deferred revenue. In the government-wide statements, all assets, including long-term notes receivable are reported. 3,726,655

In governmental funds, debt issue costs are recognized as expenditures in the period they are incurred. In the government-wide statements, debt issue costs are amortized over the life of the debt. 827,069

In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In government-wide statement of activities, it is recognized in the period that it is incurred. (604,199)

In governmental funds, only current liabilities are reported. In the statement of net assets, all liabilities, including long-term liabilities are reported. Long-term liabilities relating to governmental activities consist of:

2002 Tax Allocation Bonds	\$ 1,480,000	
2006 Tax Allocation Refunding Bonds, net	24,752,355	
2005 CalHFA Loan	500,000	
2009 CalHFA Loan	500,000	
Capital lease payable	2,040,921	
Compensated absences payable	<u>343,172</u>	
Total		<u>(29,616,448)</u>

Total net assets - governmental activities \$ 26,173,169

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

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CITY OF GREENFIELD

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

For the Fiscal Year Ended June 30, 2011

	<u>General Fund</u>	<u>Home Grant Fund</u>	<u>Civic Center Construction Fund</u>	<u>Redevelopment Agency Low-Moderate Fund</u>
REVENUES				
Taxes and assessments	\$ 2,673,947	\$ -	\$ -	\$ 435,969
Licenses and permits	50,144			
Fines and penalties	119,081			
Use of money and property	24,024	408	(358)	6,289
Intergovernmental revenues	292,164	105,457		
Charges for services	1,781,124			
Other revenues	1,199,864	19,766		23,190
Total revenues	<u>6,140,348</u>	<u>125,631</u>	<u>(358)</u>	<u>465,448</u>
EXPENDITURES				
Current:				
General government	2,131,230			
Public works	254,766			
Building and planning	280,212			
Parks and recreation	148,260			
Community development		101,220		150,060
Public safety	3,036,888			
Streets and roads				
Capital outlay	56,739		3,291,574	
Debt service:				
Principal	93,195			
Interest	107,667			
Total expenditures	<u>6,108,957</u>	<u>101,220</u>	<u>3,291,574</u>	<u>150,060</u>
Excess of revenues over (under) expenditures	<u>31,391</u>	<u>24,411</u>	<u>(3,291,932)</u>	<u>315,388</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	604,600		1,400,000	156,177
Transfers out				
Total other financing sources (uses)	<u>604,600</u>		<u>1,400,000</u>	<u>156,177</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>635,991</u>	<u>24,411</u>	<u>(1,891,932)</u>	<u>471,565</u>
SPECIAL ITEM				
Gain from early bond retirement				
Total special item				
Net change in fund balances	635,991	24,411	(1,891,932)	471,565
Fund balances, beginning of fiscal year	<u>1,551,437</u>	<u>(4,476)</u>	<u>1,220,667</u>	<u>1,651,920</u>
Fund balances, end of fiscal year	<u>\$ 2,187,428</u>	<u>\$ 19,935</u>	<u>\$ (671,265)</u>	<u>\$ 2,123,485</u>

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

<u>Redevelopment Agency Capital Projects Fund</u>	<u>Redevelopment Agency Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ 1,743,872	\$ 394,595	\$ 5,248,383
			50,144
57,382	98,101	42,130	119,081
		1,015,767	227,976
		(85,866)	1,413,388
		245,520	1,695,258
			1,488,340
<u>57,382</u>	<u>1,841,973</u>	<u>1,612,146</u>	<u>10,242,570</u>
	684,143	51,626	2,866,999
		3,665	258,431
		42,708	322,920
			148,260
8,274		681,253	940,807
		43,563	3,080,451
		346,292	346,292
4,582,655		2,363,527	10,294,495
	4,655,000		4,748,195
	1,416,765		1,524,432
<u>4,590,929</u>	<u>6,755,908</u>	<u>3,532,634</u>	<u>24,531,282</u>
<u>(4,533,547)</u>	<u>(4,913,935)</u>	<u>(1,920,488)</u>	<u>(14,288,712)</u>
	2,839,903	406,839	5,407,519
<u>(4,711,742)</u>		<u>(349,577)</u>	<u>(5,061,319)</u>
<u>(4,711,742)</u>	<u>2,839,903</u>	<u>57,262</u>	<u>346,200</u>
<u>(9,245,289)</u>	<u>(2,074,032)</u>	<u>(1,863,226)</u>	<u>(13,942,512)</u>
	887,948		887,948
	887,948		887,948
<u>(9,245,289)</u>	<u>(1,186,084)</u>	<u>(1,863,226)</u>	<u>(13,054,564)</u>
<u>18,148,261</u>	<u>4,578,948</u>	<u>8,939,223</u>	<u>36,085,980</u>
<u>\$ 8,902,972</u>	<u>\$ 3,392,864</u>	<u>\$ 7,075,997</u>	<u>\$ 23,031,416</u>

CITY OF GREENFIELD

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

For the Fiscal Year Ended June 30, 2011

Net change in fund balances - governmental funds \$ (13,054,564)

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

In governmental funds, capital outlays are reported as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This amount by which additions to capital outlay of \$10,232,901 exceeds depreciation expense \$(599,668) in the period 9,633,233

In governmental funds, the entire proceeds from disposal of capital assets are reported as revenue. In the statement of activities, only the resulting gain or loss is reported. The difference between the proceeds from disposal of capital assets and the resulting loss is: (876,997)

In governmental funds, the issuance or proceeds of long-term notes receivable provides current financial resources and therefore, are recognized as expenditures or revenues, respectively. In the government-wide statements, issuance or proceeds are reported as increases or reductions in assets, respectively. This amount is net change in the long-term notes receivable. (59,510)

In governmental funds, the issuance of long-term debt provides current financial resources. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas, these amounts are deferred and amortized in the statement of activities. This amount is net of these differences in the treatment of long-term debt and related items. (112,979)

In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during but owing from the prior period was: 52,500

In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. 4,748,195

In the statement of activities, compensated absences are measured by the amounts earned during the fiscal year. In governmental funds, expenditures for there items are measured by the amount of financial resources used (essentially the amount paid). This fiscal year, vacation earned exceeded the amount used by: (21,106)

Change in net assets - governmental activities \$ 308,772

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

CITY OF GREENFIELD
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
June 30, 2011

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Transit Fund</u>	<u>Totals</u>
ASSETS				
Current assets:				
Cash and investments	\$ 2,486,711	\$ 566,650	\$ 50	\$ 3,053,411
Accounts receivable, net	95,432	70,474		165,906
Grants receivable			226,639	226,639
Interest receivable	<u>2,949</u>	<u>650</u>		<u>3,599</u>
Total current assets	<u>2,585,092</u>	<u>637,774</u>	<u>226,689</u>	<u>3,449,555</u>
Capital assets:				
Land	265,409	58,128		323,537
Construction in progress	15,012			15,012
Property and equipment	<u>9,365,236</u>	<u>10,721,567</u>	<u>151,272</u>	<u>20,238,075</u>
	9,645,657	10,779,695	151,272	20,576,624
Less accumulated depreciation	<u>(2,588,614)</u>	<u>(3,306,259)</u>	<u>(138,385)</u>	<u>(6,033,258)</u>
Total capital assets (net of accumulated depreciation)	<u>7,057,043</u>	<u>7,473,436</u>	<u>12,887</u>	<u>14,543,366</u>
Total assets	<u>9,642,135</u>	<u>8,111,210</u>	<u>239,576</u>	<u>17,992,921</u>
LIABILITIES				
Current liabilities:				
Accounts payable	41,719	16,420	29,310	87,449
Accrued payroll	16,146	2,759		18,905
Accrued interest payable	41,818	28,904		70,722
Service deposits	104,759	89,793		194,552
Deferred revenue	30,990			30,990
Due to other funds			<u>218,508</u>	<u>218,508</u>
Total current liabilities	<u>235,432</u>	<u>137,876</u>	<u>247,818</u>	<u>621,126</u>
Noncurrent liabilities:				
Notes payable	<u>3,186,115</u>	<u>2,202,184</u>		<u>5,388,299</u>
Total noncurrent liabilities	<u>3,186,115</u>	<u>2,202,184</u>		<u>5,388,299</u>
Total liabilities	<u>3,421,547</u>	<u>2,340,060</u>	<u>247,818</u>	<u>6,009,425</u>
NET ASSETS				
Invested in capital assets, net of related debt	3,870,928	5,271,252	12,887	9,155,067
Unrestricted	<u>2,349,660</u>	<u>499,898</u>	<u>(21,129)</u>	<u>2,828,429</u>
Total net assets	<u>\$ 6,220,588</u>	<u>\$ 5,771,150</u>	<u>\$ (8,242)</u>	<u>\$ 11,983,496</u>

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

CITY OF GREENFIELD

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

For the Fiscal Year Ended June 30, 2011

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Transit Fund</u>	<u>Totals</u>
OPERATING REVENUES:				
Charges for services	\$ 871,580	\$ 689,892	\$ 7,769	\$ 1,569,241
Connection fees	815			815
Other operating revenues	<u>1,207</u>	<u>1,035</u>		<u>2,242</u>
Total operating revenues	<u>873,602</u>	<u>690,927</u>	<u>7,769</u>	<u>1,572,298</u>
OPERATING EXPENSES:				
Salaries and benefits	382,551	149,141	33,376	565,068
Contractual services	78,033	64,200	468,396	610,629
Office expense, supplies, and materials	19,205	912	439	20,556
Special departmental expenses	37,410	4,996	274	42,680
Repairs and maintenance	152,566	33,566	12,397	198,529
Memberships and dues	647	119		766
Travel, meetings, and conferences	2,323	1,628	30	3,981
Utilities	202,762	66,355	1,315	270,432
Taxes	1,093	4,846		5,939
Depreciation	<u>262,516</u>	<u>313,428</u>	<u>12,398</u>	<u>588,342</u>
Total operating expenses	<u>1,139,106</u>	<u>639,191</u>	<u>528,625</u>	<u>2,306,922</u>
Operating income (loss)	<u>(265,504)</u>	<u>51,736</u>	<u>(520,856)</u>	<u>(734,624)</u>
NON-OPERATING REVENUES (EXPENSES)				
Local transportation revenues			385,764	385,764
Federal transit administration revenues			146,294	146,294
Interest income	22,469	4,098		26,567
Interest expense	<u>(110,362)</u>	<u>(76,280)</u>		<u>(186,642)</u>
Total non-operating revenues (expenses)	<u>(87,893)</u>	<u>(72,182)</u>	<u>532,058</u>	<u>371,983</u>
Loss before transfers and capital contributions	<u>(353,397)</u>	<u>(20,446)</u>	<u>11,202</u>	<u>(362,641)</u>
TRANSFERS AND CAPITAL CONTRIBUTIONS				
Contributed capital	15,012			15,012
Transfers out	<u>(141,300)</u>	<u>(181,300)</u>	<u>(23,600)</u>	<u>(346,200)</u>
Total transfers and capital contributions	<u>(126,288)</u>	<u>(181,300)</u>	<u>(23,600)</u>	<u>(331,188)</u>
Change in net assets	<u>(479,685)</u>	<u>(201,746)</u>	<u>(12,398)</u>	<u>(693,829)</u>
Net assets - July 1	6,868,123	6,078,020	4,156	12,950,299
Prior period adjustment	<u>(167,850)</u>	<u>(105,124)</u>		<u>(272,974)</u>
Net assets - July 1, restated	<u>6,700,273</u>	<u>5,972,896</u>	<u>4,156</u>	<u>12,677,325</u>
Net assets - June 30	<u>\$ 6,220,588</u>	<u>\$ 5,771,150</u>	<u>\$ (8,242)</u>	<u>\$ 11,983,496</u>

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

CITY OF GREENFIELD

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

For the Fiscal Year Ended June 30, 2011

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Transit Fund</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	\$ 916,156	\$ 685,219	\$ 7,769	\$ 1,609,144
Payments to suppliers	(764,163)	(175,797)	(371,005)	(1,310,965)
Payments to employees	(374,648)	(148,637)	(34,928)	(558,213)
	<u>(222,655)</u>	<u>360,785</u>	<u>(398,164)</u>	<u>(260,034)</u>
Net cash provided (used) by operating activities				
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of capital assets	(39,745)	(56,739)		(96,484)
Principal payments on long-term debt	(78,482)	(54,245)		(132,727)
Interest paid on long-term debt	(114,975)	(76,992)		(191,967)
	<u>(233,202)</u>	<u>(187,976)</u>		<u>(421,178)</u>
Net cash used by capital and related financing activities				
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers to other funds	(141,300)	(181,300)	(23,600)	(346,200)
Grant revenue received			421,764	421,764
	<u>(141,300)</u>	<u>(181,300)</u>	<u>398,164</u>	<u>75,564</u>
Net cash provided (used) by noncapital financing activities				
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest income	23,020	4,083		27,103
	<u>23,020</u>	<u>4,083</u>		<u>27,103</u>
Net cash provided by investing activities				
Net decrease in cash and cash equivalents	(574,137)	(4,408)		(578,545)
Cash and cash equivalents - July 1	3,228,698	676,182	50	3,904,930
Restatement - prior period adjustment	(167,850)	(105,124)		(272,974)
Cash and cash equivalents - July 1, restated	<u>3,060,848</u>	<u>571,058</u>	<u>50</u>	<u>3,631,956</u>
Cash and cash equivalents - June 30	<u>\$ 2,486,711</u>	<u>\$ 566,650</u>	<u>\$ 50</u>	<u>\$ 3,053,411</u>

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

CITY OF GREENFIELD
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2011

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Transit Fund</u>	<u>Totals</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (265,504)	\$ 51,736	\$ (520,856)	\$ (734,624)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation expense	262,516	313,428	12,398	588,342
Change in assets and liabilities:				
Receivables, net	3,582	(12,549)		(8,967)
Accounts payable	(270,124)	825	28,297	(241,002)
Accrued payroll	7,903	504	(1,552)	6,855
Service deposits	7,982	6,841		14,823
Deferred revenue	30,990			30,990
Due to other funds			83,549	83,549
Net cash provided (used) by operating activities	<u>\$ (222,655)</u>	<u>\$ 360,785</u>	<u>\$ (398,164)</u>	<u>\$ (260,034)</u>

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

CITY OF GREENFIELD

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The accompanying basic financial statements present the financial activity of the City of Greenfield (the City), which is the primary government, along with the financial activities of its component unit, which is an entity for which the City is financially accountable. Although they are separate legal entities, blended component units are in substance part of the City's operations and are reported as an integral part of the City's basic financial statements. This City's component unit, which is described below, is a blended unit of the City.

The City Council serves in a separate session as the governing body of the Redevelopment Agency of the City of Greenfield (the Agency), although this Agency is a legal entity apart from the City.

The Redevelopment Agency of the City of Greenfield is included as a component unit in the accompanying financial statements. The financial activities of the foregoing entities have been aggregated and merged (termed "blending") with those of the City in the accompanying financial statements, as it meets the criteria for inclusion as set forth in the Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASB Statement No. 39.

The Redevelopment Agency of the City of Greenfield was established in 2000; by the City Council to eliminate blight within the defined project areas by encouraging and assisting planned development of low-income housing and commercial projects. The Redevelopment Agency exists for the purpose of facilitating the City's capital projects. Separate financial statements are prepared by the Redevelopment Agency of the City of Greenfield and are available at City Hall offices.

B. Basis of Presentation

The City's basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

Government-wide Statements

The Statement of Net Assets and the Statement of Activities display information about the primary government (the City) and its component unit. These statements include the financial activities of the overall City government, except for fiduciary activities. Eliminations have been made to minimize the double counting or internal activities. Government activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational needs of a particular program, and (c) fees, grants, and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The fund financial statements provide information about the City's funds, including fiduciary funds and blended component units. Separate statements for each fund category—*governmental, proprietary and fiduciary*—are presented. The emphasis of fund financial statements is on major individual funds, each of which is displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

Proprietary fund financial statements include a Statement of Net Assets, a Statement of Revenues, Expenses, and Changes in Net Assets, and a Statement of Cash Flows for all proprietary funds.

CITY OF GREENFIELD

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

Fund Financial Statements (Continued)

Proprietary funds are accounted for using the “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or non-current) are included on the Statement of Net Assets. The Statement of Revenues, Expenses, and Changes in Fund Net Assets presents increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operation of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organization, other governmental units, and/or other funds. The City does not maintain any fiduciary funds.

C. Major Funds

GASB Statement No. 34 defines major funds and requires that the City’s major funds are identified and presented separately in the fund financial statements. All other funds, called non-major funds, are combined and reported in a single column, regardless of their fund-type.

Major funds are defined as funds that have either assets, liabilities, revenues, or expenditures/expenses equal to ten percent of their fund-type total. The General Fund is always a major fund. The City may also select other funds it believes should be presented as major funds.

The City reported the following major governmental funds in the accompanying financial statements:

General Fund – This fund accounts for all financial resources except those to be accounted for in another fund. It is the general operating fund of the City.

Home Grant Fund – This fund accounts for the loans provided to eligible citizens for housing rehabilitation and down payment assistance.

Civic Center Construction Fund – This fund accounts for the construction costs related to the Civic Center project.

Redevelopment Agency Low-Moderate Fund – This fund accounts for the receipt of the low-moderate tax increment and related low-moderate expenditures.

Redevelopment Agency Capital Projects Fund – This fund accounts for the projects undertaken by the City’s Redevelopment Agency.

Redevelopment Agency Debt Service Fund – This fund accounts for the debt service activity by the City’s Redevelopment Agency.

The City reported the following major proprietary funds:

Water Fund – This fund accounts for the activities of providing water to residents of the City.

Sewer Fund – This fund accounts for the activities associated with the sewage treatment plant, pumping stations, and collections systems.

Transit Fund – This fund accounts for the activities associated with transit services provided within the City.

CITY OF GREENFIELD

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting

The government-wide, proprietary funds, and fiduciary funds financial statements are reported using the *economic resources measurement focus* and the full *accrual basis* of accounting. Revenues are recorded when *earned* and expenses are recorded at the time liabilities are *incurred*, regardless of when the related cash flows take place.

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

Governmental funds are reported using the *current financial resources* measurement focus and the *modified accrual* basis of accounting. Under this method, revenues are recognized when *measurable and available*. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent that they have matured. Capital asset acquisitions are reported as *expenditures* in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as *other financing sources*.

Non-exchange transactions, in which the City gives or receives value without directly, receiving or giving equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Other revenues susceptible to accrual include other taxes, intergovernmental revenues, interest, and charges for services.

Grant revenues are recognized in the fiscal year in which all eligibility requirements are met. Under the terms of grant agreements, the City may fund certain programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted net assets may be available to finance program expenditures/expenses. The City's policy is to first apply restricted grant resources to such programs, followed by general revenues, if necessary.

E. Property Taxes

California Constitution Article XIII A, limits the combined property tax rate to one percent of a property's assessed valuation. Additional taxes may be imposed with voter's approval. Assessed value is calculated at one hundred percent of a property's fair value, as defined by Article XIII A, and may be increased no more than two percent per year unless a change in ownership occurs. The State legislature has determined the method of distributing the one percent tax levy among the various taxing jurisdictions.

Property tax revenues are recognized in the fiscal year for which taxes have been levied, and collected within sixty days of fiscal year end. Property taxes are billed and collected as follows:

	<u>Secured</u>	<u>Unsecured</u>
Valuation/Lien Dates	January 1	January 1
Levy Dates	July 1	July 1
Due Dates	November 1 (50%) February 1 (50%)	August 1
Delinquency Dates	December 10 (Nov.) April 10 (Feb.)	August 31

CITY OF GREENFIELD

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Estimates

The preparation of 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 reported amounts of assets, liabilities, revenues, expenditures or expenses as appropriate. Actual results could differ from those estimates.

G. Cash Equivalents

For purposes of the statement of cash flows, the City considers all highly liquid investment instruments purchased with maturity of three months or less to be cash equivalents.

H. Capital Assets

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair value on the date contributed. The City's policy is to capitalize all capital assets with costs exceeding certain minimum thresholds of \$2,500 and with useful lives exceeding one year.

With the implementation of GASB Statement No. 34, the City was not required to record infrastructure assets existing or acquired prior to July 1, 2001. The City elected not to record such infrastructure assets. The City may elect to record such infrastructure assets in the future.

The purpose of depreciation is to spread cost of capital assets equitably amount all users over the lives of these assets. The amount charged to depreciation expense each fiscal year represents that fiscal year's pro rata share of the cost of capital assets. GASB Statement No. 34 requires that all capital assets with limited useful lives be depreciated over their estimated useful lives. Depreciation is provided using the straight line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each fiscal year until the asset is fully depreciated. The City has assigned the useful lives listed below, to capital assets.

Utility lines and equipment	10-40 years
Building and improvements	10-40 years
Infrastructure	10-40 years
Property and equipment	5-10 years
Vehicles	5 years

I. Deferred Revenue

Deferred revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as deferred revenue. On the governmental funds financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have also been recorded as deferred revenue.

J. Compensated Absences

In compliance with Governmental Accounting Standards Board Statement No. 16, the City has established a liability for accrued sick leave and vacation in relevant funds. For governmental type funds, the current liability appears in the respective funds. All vacation paid is accrued when incurred in the government-wide and proprietary fund financial statements. This liability is set up for the current employees at the current rates of pay. If sick leave and vacation are not used by the employee during the term of employment, a portion of the compensation is payable to the employee at the time of retirement. Such compensation is calculated at the employee's prevailing rate at the time of retirement or termination. Each fiscal year, an adjustment to the liability is made based on pay rate changes and adjustments for the current portion. The General Fund is primarily responsible for the repayment of the governmental portion of compensated absences.

CITY OF GREENFIELD

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Fund Balances

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance – represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance – represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance – represents amounts that can only be used for a specific purpose because of a formal action by the City's governing board. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the governing board. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance – represents amounts which the City intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the governing board or by an official or body to which the governing board delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purpose of the City.

Unassigned Fund Balance – represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

L. New Accounting Pronouncements

Governmental Accounting Standards Board Statement No. 54

For the fiscal year ended June 30, 2011, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." The Statement is effective for periods beginning after June 15, 2010. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Implementation of the Statement and the impact on the City's financial statements are explained in Note 1 – K Fund Balances.

Governmental Accounting Standards Board Statement No. 59

For the fiscal year ended June 30, 2011, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 59, "Financial Instruments Omnibus." The Statement is effective for periods beginning after June 15, 2010. The objective of this Statement is to update and improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. Implementation of the GASB Statement No. 59, did not have an impact on the City's financial statements for the fiscal year ended June 30, 2011.

CITY OF GREENFIELD

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for governmental funds. The City’s budget ordinances requires that in April of each fiscal year, the City Manager must submit a preliminary budget that includes projected expenditures and the means of financing them, to the City Council for the fiscal year commencing the following July 1. As modified during public study sessions, the preliminary budget becomes the proposed budget. Following public hearings on the proposed budget, the final annual budget is adopted by the City Council in June the following fiscal year. After adoption of the final budget, transfers of appropriations within a general fund department, or within other funds, can be made by the City Manager. Budget modifications between funds; increases or decreases to a fund’s overall budget; transfers between general fund departments; or transfers that affect capital projects, must be approved by the City Council. Numerous properly authorized amendments are made during the fiscal year.

Budgetary control is enhanced by integrating the budget into the general ledger accounts. Encumbrance accounting is employed (e.g., purchase orders) to avoid expenditures over the budget. Encumbrances outstanding at fiscal year end are automatically rebudgeted in the following fiscal year.

B. Deficit Fund Balances

Major Fund:

A deficit fund balance of \$671,265 exists in the Civic Center Construction Fund. This fund balance deficit is due to the City incurring costs in advance of receiving revenue. The City expects to fund the deficits through future revenues and/or transfers of funds.

C. Excess of Expenditures over Appropriation

Excess of expenditures over appropriations in individual funds are as follows:

Major Governmental Fund:		
Home Grant Fund	\$	561,798

NOTE 3 – CASH AND INVESTMENTS

The composition of cash and investments as of June 30, 2011, by fund is as follows:

	Available		
	For		
	Operations	Restricted	Total
General Fund	\$ 1,050,835	\$ -	\$ 1,050,835
Special Revenue Funds	7,071,438	2,381,296	9,452,734
Capital Projects Funds	1,878,263	6,013,292	7,891,555
Debt Service Fund	887,231	2,145,109	3,032,340
Proprietary Funds	3,053,411		3,053,411
Total	<u>\$ 13,941,178</u>	<u>\$ 10,539,697</u>	<u>\$ 24,480,875</u>

Cash and investments are classified in the financial statements based on whether or not their use is restricted under the terms of the City’s debt instruments or Agency’s agreements. Cash and investments at June 30, 2011, consisted of the following:

Cash in banks and on hand	\$ 416,994
Cash and investments with fiscal agent	10,539,697
Investments	<u>13,524,184</u>
Total cash and investments, statement of net assets	<u>\$ 24,480,875</u>

CITY OF GREENFIELD

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

NOTE 3 – CASH AND INVESTMENTS (Continued)

Investments Authorized by the California Government Code and the City's Investment Policy

The table below identifies the investment types that are authorized for the City by the California Government Code. The table also identifies certain provisions of the California Government Code that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Bankers' Acceptance	180 days	40%	30%
Commercial Paper	180 days	15%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Time Deposits	5 years	25%	None
Repurchase Agreements	90 days	None	None
Reverse Repurchase Agreements	90 days	20%	None
Medium-Term Notes	5 years	30%	15%
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
JPA Pools (other investment pools)	N/A	None	None

Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustees are governed by the provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies the investment types that are authorized for investments held by fiscal agents. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Bankers' Acceptance	1 year	None	None
Commercial Paper	None	None	None
Negotiable Certificates of Deposit	None	None	None
Investment Agreements	None	None	None
Repurchase Agreements	30 days	None	None
Money Market Mutual Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flows and liquidity needed for operations.

CITY OF GREENFIELD

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

NOTE 3 – CASH AND INVESTMENTS (Continued)

Information about the sensitivity of the fair values of the City’s investments to market interest rate fluctuations is provided by the following table that shows the distribution of the City’s investments by maturity:

Investment Type	Carrying Amount	Remaining Maturity (in Months)			
		12 Months Or Less	13-24 Months	25-60 Months	More than 60 Months
LAIF	\$ 13,413,467	\$ 13,413,467	\$ -	\$ -	\$ -
Time deposits	110,717			110,717	
Held by fiscal agent:					
Investment agreements	1,970,550	1,970,550			
Money market funds	8,569,147	8,569,147			
Total	\$ 24,063,881	\$ 23,953,164	\$ -	\$ 110,717	\$ -

Disclosure Relating to Investment Policy

As of June 30, 2011, the City held Negotiable Certificates of Deposit in the investment portfolio with a final maturity date of August 27, 2018. This investment exceeds the State of California Government Code and the City’s investment policy which states a five-year maturity limitation. Upon sale, call or maturity, the proceeds from these securities will be reinvested in compliance with the State Code and the City’s investment policy.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by the California Government Code, and the actual rating as of fiscal year end for each investment type.

Investment Type	Carrying Amount	Minimum Legal Rating	Exempt From Disclosure	Rating as of Fiscal Year End	
				AAA	Not Rated
LAIF	\$ 13,413,467	N/A	\$ -	\$ -	\$ 13,413,467
Time deposits	110,717	N/A			110,717
Held by fiscal agent:					
Investment agreements	1,970,550				1,970,550
Money market funds	8,569,147	N/A		8,569,147	
Total	\$ 24,063,881		\$ -	\$ 8,569,147	\$ 15,494,734

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments in any one issuer that represents 5% or more of the total City’s investments.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the City’s investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure the City’s deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

CITY OF GREENFIELD

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

NOTE 3 – CASH AND INVESTMENTS (Continued)

Custodial Credit Risk (Continued)

None of the City's deposits with financial institutions in excess of the Federal Depository Insurance Corporation's limits were held in uncollateralized accounts.

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or governmental investment pools (such as LAIF).

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying basic financial statements at the amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

NOTE 4 – NOTES RECEIVABLE

A. 2005 Community Housing Improvement Systems and Planning Association

On December 28, 2005, the Agency entered into an agreement with the Community Housing Improvement Systems and Planning Association (CHISPA), a nonprofit housing agency, where the Agency contributed \$500,000 towards their cost of developing a 40 unit multi-family residential project named Walnut Place for low and moderate income households. In exchange for the Agency contribution, the Agency obtained a promissory note and deed of trust secured by the housing project. CHISPA agrees to maintain the project in accordance with certain low and moderate income restrictions imposed upon it by the Agency. Repayment of the \$500,000 note is not due as long as CHISPA meets the requirements of the various restrictions. Accordingly, the City has recorded a note receivable and offsetting deferred revenue since the value of the note is not a source of readily available funding.

B. 2007 Community Housing Improvement Systems and Planning Association

On May 2, 2007, the Agency entered into an agreement with the Community Housing Improvement Systems and Planning Association (CHISPA), a nonprofit housing agency, where the Agency contributed \$500,000 towards their cost of developing a 40 unit multi-family residential project named Vineyard Green Townhomes for low and moderate income households. In exchange for the Agency contribution, the Agency obtained a promissory note and deed of trust secured by the housing project. CHISPA agrees to maintain the project in accordance with certain low and moderate income restrictions imposed upon it by the Agency. Repayment of the \$500,000 note is not due until 55 years from the date the agreement was signed. Accordingly, the City has recorded a note receivable and offsetting deferred revenue since the value of the note is not a source of readily available funding.

C. 2009 Community Housing Improvement Systems and Planning Association

On April 20, 2009, the Agency entered into an agreement with the Community Housing Improvement Systems and Planning Association (CHISPA), a nonprofit housing agency, where the Agency contributed \$700,000 towards their cost of developing a 40 unit multi-family residential project named Vineyard Green Townhomes for low and moderate income households. In exchange for the Agency contribution, the Agency obtained a promissory note and deed of trust secured by the housing project. CHISPA agrees to maintain the project in accordance with certain low and moderate income restrictions imposed upon it by the Agency. Repayment of the \$700,000 note is not due until 55 years from the date the agreement was signed. Accordingly, the City has recorded a note receivable and offsetting deferred revenue since the value of the note is not a source of readily available funding.

CITY OF GREENFIELD

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

NOTE 4 – NOTES RECEIVABLE (Continued)

D. Down Payment Assistance Program

At June 30, 2011, the City held \$882,693 in promissory notes secured by deeds of trust for various residential properties for households that participated in the City’s down payment assistance program for low and moderate income households. The promissory note accrues simple interest of 3.0 percent and repayment of the principal and interest is deferred for 30 years, unless the property is sold or transferred. Accordingly, the City has recorded notes receivable and offsetting deferred revenue since the value of the notes are not a source of readily available funding.

E. Housing Rehabilitation

The City provides loans to eligible citizens through the Redevelopment Agency Low-Moderate Income Housing fund and Home Grant fund for housing rehabilitation. Interest is generally deferred and repayment occurs when property ownership changes. The balance outstanding at June 30, 2011, is \$1,143,962.

NOTE 5 – CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2011, was as follows:

	Balance July, 1 2010	Additions	Deletions	Balance June 30, 2011
Governmental Activities				
Nondepreciable capital assets:				
Land	\$ 2,088,184	\$ 2,897,265	\$ 95,500	\$ 4,889,949
Construction in progress	9,148,580	7,179,533	1,207,520	15,120,593
Total nondepreciable capital assets	\$ 11,236,764	\$ 10,076,798	\$ 1,303,020	\$ 20,010,542
Depreciable capital assets:				
Buildings and improvements	\$ 9,239,457	\$ 968,200	\$ 854,458	\$ 9,353,199
Property and equipment	2,087,733	154,017		2,241,750
Infrastructure	1,910,692			1,910,692
Total depreciable capital assets	13,237,882	1,122,217	854,458	13,505,641
Less accumulated depreciation	4,422,206	599,668	314,367	4,707,507
Net depreciable capital assets	8,815,676	\$ 522,549	\$ 540,091	\$ 8,798,134
Net capital assets	\$ 20,052,440	\$ 10,599,347	\$ 1,843,111	\$ 28,808,676
	Balance July, 1 2010	Additions	Deletions	Balance June 30, 2011
Business-Type Activities				
Nondepreciable capital assets:				
Land	\$ 323,537	\$ -	\$ -	\$ 323,537
Construction in progress	103,101	15,012	103,101	15,012
Total nondepreciable capital assets	\$ 426,638	\$ 15,012	\$ 103,101	\$ 338,549
Depreciable capital assets:				
Property and equipment	\$ 20,038,490	\$ 199,585	\$ -	\$ 20,238,075
Total depreciable capital assets	20,038,490	199,585		20,238,075
Less accumulated depreciation	5,444,916	588,342		6,033,258
Net depreciable capital assets	\$ 14,593,574	\$ (388,757)	\$ -	\$ 14,204,817
Net capital assets	\$ 15,020,212	\$ (373,745)	\$ 103,101	\$ 14,543,366

CITY OF GREENFIELD

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

NOTE 5 – CAPITAL ASSETS (Continued)

Depreciation expense was charged to function and programs based on their usage of the related assets. The amounts allocated to each functions or program were as follows:

Governmental Activities:	
General government	\$ 35,320
Public works	14,848
Building and planning	3,910
Parks and recreation	218,678
Community development	24,236
Public safety	90,466
Streets and roads	<u>212,210</u>
Total depreciation expense-governmental activities	<u>\$ 599,668</u>
Business-type Activities:	
Water	\$ 262,516
Sewer	313,428
Transit	<u>12,398</u>
Total depreciation expense-business-type activities	<u>\$ 588,342</u>

NOTE 6 – LONG-TERM DEBT

A. 2002 Tax Allocation Bonds

On April 18, 2002, the Agency adopted a resolution authorizing the sale of \$4,005,000 aggregate principal amount of Tax Allocation Refunding and Escrow Bonds at interest rates ranging from 4.125 to 5.8 percent. The purpose of the bond was to retire \$1,500,000 of tax allocation notes issued on December 1, 2000 and to provide additional redevelopment project funds. A portion of these bonds were advance refunded by the 2006 Tax Allocation Refunding Bonds. As of June 30, 2011, the principal balance outstanding was \$1,480,000.

The future minimum payment obligation for the bonds payable at June 30, 2011, is as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2012	\$ 35,000	\$ 86,668	\$ 121,668
2013	40,000	84,918	124,918
2014	40,000	82,868	122,868
2015	40,000	80,767	120,767
2016	40,000	78,618	118,618
2017-2021	195,000	355,328	550,328
2022-2026	395,000	299,256	694,256
2027-2031	260,000	177,300	437,300
2032	<u>435,000</u>	<u>26,100</u>	<u>461,100</u>
	<u>\$ 1,480,000</u>	<u>\$ 1,271,823</u>	<u>\$ 2,751,823</u>

CITY OF GREENFIELD

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

NOTE 6 – LONG-TERM DEBT (Continued)

B. 2006 Tax Allocation Bonds

On December 5, 2006, the Agency issued \$29,810,000 in Tax Allocation Bonds Series 2006 to defease its 2005 Tax Allocation Bonds, partially defease its 2002 Tax Allocation Bonds, provide approximately \$23,000,000 in new funding for various redevelopment projects, fund a debt service reserve fund, fund capitalized interest, and pay issuance costs related to the bonds. The interest rates on the bonds vary from 3.625 to 4.75 percent. During the fiscal year, the City retired the par value of \$4,155,000 at a discounted amount of \$3,267,052. The resulting gain of \$887,949 is shown as a special item within the financial statements. As of June 30, 2011, the principal balance outstanding was \$24,385,000.

The future minimum payment obligation for the bonds payable at June 30, 2011, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2012	\$ 350,000	\$ 1,082,609	\$ 1,432,609
2013	500,000	1,068,609	1,568,609
2014	670,000	1,048,609	1,718,609
2015	585,000	1,021,809	1,606,809
2016	740,000	998,409	1,738,409
2017-2021	3,500,000	4,590,794	8,090,794
2022-2026	4,155,000	3,792,749	7,947,749
2027-2031	4,455,000	2,811,525	7,266,525
2032-2036	7,555,000	1,616,900	9,171,900
2037	1,875,000	89,063	1,964,063
	<u>\$ 24,385,000</u>	<u>\$ 18,121,076</u>	<u>\$ 42,506,076</u>

C. 2005 California Housing Finance Agency Loan Agreement

On April 10, 2005, the Agency entered into a loan agreement with the California Housing Finance Agency (CalHFA) in the amount of \$500,000. On December 28, 2005, the Agency also entered into agreement with Community Housing Improvement Systems and Planning Association (CHISPA), a nonprofit housing agency, where the Agency contributed the loan proceeds from CalHFA to CHISPA for the development and construction of Walnut Place, a 40-unit multifamily rental complex. See note 4 for further detail. In the loan agreement between the Agency and CalHFA, principal and interest is due 10 years from the date of the agreement with interest accruing at simple interest of 3 percent from March 16, 2006, the date of disbursement. The Agency intends to use low and moderate income housing funds for the repayment of the loan. All principal and interest amounts are payable at maturity on April 10, 2015. The accumulated interest amount payable at June 30, 2011, was \$78,125.

The future minimum payment obligation for the loan agreement at June 30, 2011, is as follows:

Fiscal Year Ended June 30	Principal	Interest	Total
2015	\$ 500,000	\$ 150,000	\$ 650,000

CITY OF GREENFIELD

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

NOTE 6 – LONG-TERM DEBT (Continued)

D. 2009 California Housing Finance Agency Loan Agreement

On May 2, 2007, the Agency entered into a loan agreement with the California Housing Finance Agency (CalHFA) in the amount of \$500,000. On April 10, 2009, the Agency also entered into agreement with Community Housing Improvement Systems and Planning Association (CHISPA), a nonprofit housing agency, where the Agency contributed the loan proceeds from CalHFA to CHISPA for the development and construction of Vineyard Green Townhomes Project, a 40-unit rental development. See note 4 for further detail. In the loan agreement between the Agency and CalHFA, principal and interest is due 10 years from the date of the agreement with interest accruing at simple interest of 3.5 percent from March 11, 2009, the date of disbursement. The Agency intends to use low and moderate income housing funds for the repayment of the loan. All principal and interest amounts are payable at maturity on May 10, 2017. The accumulated interest amount payable at June 30, 2011, was \$39,375.

The future minimum payment obligation for the loan agreement at June 30, 2011, is as follows:

Fiscal Year Ended June 30	Principal	Interest	Total
2017	\$ 500,000	\$ 140,000	\$ 640,000

E. Capital Lease Payable

On January 1, 2006, the City entered into a capital lease agreement with Municipal Finance Corporation. The lease proceeds were used to construct, acquire, and install certain capital improvements (consisting primarily of a new City Hall facility). The amount of the lease is \$2,500,000 and accrues interest at 5.1 percent. The lease is secured by revenues in the general fund. Semi-annual lease payments are due June 30 and December 30 of each year, commencing on June 30, 2009. Future minimum lease payments are as follows:

Fiscal Year Ending June 30	Amount
2012	\$ 200,862
2013	200,862
2014	200,862
2015	200,862
2016	200,862
2017-2021	1,004,310
2022-2025	<u>903,879</u>
Total minimum lease payments	2,912,499
Less amount representing interest	<u>(871,578)</u>
Present value on net minimum lease payments	<u>\$ 2,040,921</u>

F. California Infrastructure and Economic Development Bank Loan Agreement

In September 2006, the City entered into two agreements with the California Infrastructure and Economic Development Bank (CIEDB). The agreements provide financing for two projects within the City; the 10th Street Water Expansion Project and for the Wastewater Treatment Plant Expansion. The Water Expansion Project financing agreement is \$3,700,000 and the Wastewater Plant Expansion financing agreement is \$2,360,000.

CITY OF GREENFIELD

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

NOTE 6 – LONG-TERM DEBT (Continued)

F. California Infrastructure and Economic Development Bank Loan Agreement (Continued)

The future minimum payment obligation for the Water Expansion Project loan agreement at June 30, 2011, is as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2012	\$ 80,954	\$ 99,087	\$ 180,041
2013	83,504	96,497	180,001
2014	86,134	93,825	179,959
2015	88,847	91,069	179,916
2016	91,646	88,227	179,873
2017-2021	503,396	395,259	898,655
2022-2026	587,835	309,488	897,323
2027-2031	686,439	209,332	895,771
2032-2036	801,581	92,377	893,958
2037	175,779	2,768	178,547
	<u>\$ 3,186,115</u>	<u>\$ 1,477,929</u>	<u>\$ 4,664,044</u>

The future minimum payment obligation for the Wastewater Plant Expansion loan agreement at June 30, 2011, is as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2012	\$ 55,954	\$ 68,487	\$ 124,441
2013	57,716	66,697	124,413
2014	59,534	64,850	124,384
2015	61,410	62,945	124,355
2016	63,344	60,981	124,325
2017-2021	347,938	273,196	621,134
2022-2026	406,300	213,914	620,214
2027-2031	474,455	144,686	619,141
2032-2036	554,038	63,849	617,887
2037	121,495	1,913	123,408
	<u>\$ 2,202,184</u>	<u>\$ 1,021,518</u>	<u>\$ 3,223,702</u>

G. Compensated Absences

Governmental Accounting Standards Board Statement No. 16 identifies certain items that should be accrued as a liability as the benefits are earned by the employees but only to the extent it is probable that the employer will compensate the employees for the benefits through cash payments conditioned on the employee's termination or retirement.

The City's employees accumulate earned but unused benefits which can be converted to cash at termination of employment. The non-current portion of these vested benefits, payable in accordance with various collective bargaining agreements, at June 30, 2011, total \$343,172 for governmental activities.

CITY OF GREENFIELD

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

NOTE 7 – CHANGES IN LONG-TERM LIABILITIES

The following is a summary of long-term liability activities for the fiscal year ended June 30, 2011:

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011	Due Within One Year
Governmental activities:					
2002 Tax Allocation Bonds	\$ 1,510,000	\$ -	\$ 30,000	\$ 1,480,000	\$ 35,000
2006 Tax Allocation Bonds	29,010,000		4,625,000	24,385,000	350,000
Bond premium	381,217		13,862	367,355	13,862
Deferred loss on refunding	(94,618)		(94,618)		
2005 CalHFA	500,000			500,000	
2009 CalHFA	500,000			500,000	
Capital lease payable	2,134,116		93,195	2,040,921	98,009
Compensated absences	322,066	21,106		343,172	
Total	\$ 34,262,781	\$ 21,106	\$ 4,667,439	\$ 29,616,448	\$ 496,871

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011	Due Within One Year
Business-type activities:					
CIEDB water loan	\$ 3,264,597	\$ -	\$ 78,482	\$ 3,186,115	\$ 80,954
CIEDB sewer loan	2,256,429		54,245	2,202,184	55,954
Total	\$ 5,521,026	\$ -	\$ 132,727	\$ 5,388,299	\$ 136,908

NOTE 8 – INTERFUND TRANSACTIONS

Interfund transactions are reported as either loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables, as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers among governmental funds are netted as part of the reconciliation to the government-wide financial statements.

Due From/To Other Funds

Individual fund interfund receivable and payable balances at June 30, 2011, are as follows:

Fund	Due From	Due To
Major Governmental Funds:		
General Fund	\$ 534,371	\$ -
Redevelopment Agency Low-Moderate Fund	1,973	400,000
Redevelopment Agency Debt Service Fund	400,000	
Nonmajor Governmental Funds:		
Supplemental Law Enforcement Service Fund		10,817
Local Transportation Fund		305,046
2007 Youth Build Grant Fund		1,973
Proprietary Fund:		
Transit Fund		218,508
Total	\$ 936,344	\$ 936,344

CITY OF GREENFIELD

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

NOTE 8 – INTERFUND TRANSACTIONS (Continued)Interfund Transfers

Interfund transfers consist of operating transfers from funds receiving revenue to funds through which the resources are to be expended.

Interfund transfers for the 2010-2011 fiscal year, are as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Major Governmental Funds:		
General Fund	\$ 604,600	\$ -
Civic Center Construction Fund	1,400,000	
Redevelopment Agency Low-Moderate Fund	156,177	
Redevelopment Agency Capital Projects Fund		4,711,742
Redevelopment Agency Debt Service Fund	2,839,903	
Nonmajor Governmental Funds:		
Gas Tax Fund		128,200
Local Transportation Fund		2,400
2007 Youth Build Grant Fund		210,277
Redevelopment Agency Fund	406,839	
Lexington Square Assessment Fund		3,600
Terra Verde Assessment Fund		4,100
SMD #1 Fund		1,000
Proprietary Funds:		
Water Fund		141,300
Sewer Fund		181,300
Transit Fund		23,600
	<u>\$ 5,407,519</u>	<u>\$ 5,407,519</u>

NOTE 9 – CITY EMPLOYEES' RETIREMENT PLANPlan Description

The City of Greenfield's defined benefit pension plan, Public Employees' Retirement System (PERS), provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS is part of the Public Agency portion of the California Public Employees' Retirement System, (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements is established by State statutes with the Public Employees' Retirement Law. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance (other local methods). CalPERS issue a separate comprehensive annual financial report. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office – 400 P Street – Sacramento, CA 95814

Funding Policy

The City contributes the employer share for the Miscellaneous Plan and the Safety Plan. The City of Greenfield is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for the fiscal year 2009/2011 was 9.478% for miscellaneous employees, and 21.341% for safety employees. The contribution requirements of the plan members are established by the State statutes and the employer contribution rate is established and may be amended by CalPERS. The City's contributions to CalPERS for fiscal years ending June 30, 2011, 2010, and 2009, were \$397,968, \$418,107, and \$560,767, respectively, and equal 100% of the required contributions for each fiscal year.

CITY OF GREENFIELD

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

NOTE 10 – LIABILITY, WORKERS' COMPENSATION, AND PURCHASED INSURANCE

A. Description of Self-Insurance Pool Pursuant to Joint Powers Agreement

The City of Greenfield is a member of the Monterey Bay Area Self Insurance Authority (Authority). The Authority is composed of 10 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et. seq.. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage.

B. Self-Insurance Programs of the Authority

General Liability – The City is self-insured for the first \$10,000 of each liability claim. Claims above \$10,000 up to \$1 million are paid by the Authority. Claims above \$1 million are covered by California Affiliated Risk Management Authorities, purchased by the Authority.

Workers' Compensation – The City does not retain a self-insured portion of workers' compensation claims. Annual premiums for coverage up to statutory levels are paid to the Authority based on the level of claims activity. A third party administrator is contracted by the Authority to manage claims activity.

C. Purchased Insurance

Property Insurance – The City purchases other policies through a commercial insurance agency. The coverage includes property (including earthquake) damage, commercial crime, and commercial inland marine. Coverage limits are \$4,780,000 for property and \$360,000 for commercial crime.

D. Adequacy of Protection

During the past three fiscal (claims) years, none of the above programs of protection have had settlements or judgements that exceeded pooled or insured coverage. There have been no significant reductions in pooled or insured liability coverage from coverage in the prior fiscal year.

NOTE 11 – CONTINGENCIES AND COMMITMENTS

The City is involved in various litigations. In the opinion of management and legal counsel, the disposition of all litigation pending will not have a material effect on the City's financial statements.

The City has received State and Federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursements will not be material.

NOTE 12 – REVENUE LIMITATIONS IMPOSED BY CALIFORNIA PROPOSITION 218

Proposition 218, which was approved by the voters in November 1996, will regulate the City's ability to impose, increase, and extend taxes, assessments, and fees. Any new, increased, or extended taxes, assessments, and fees subject to the provisions of Proposition 218, require voter's approval before they can be implemented. Additionally, Proposition 218 provides that these taxes, assessments, and fees are subject to the voter's initiative process and may be rescinded in the future years by the voters.

CITY OF GREENFIELD

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

NOTE 13- SUBSEQUENT EVENT

Recent Changes in Legislation Affecting California Redevelopment Agencies

On June 29, 2011, the Governor of the State of California signed Assembly Bills X1 26 and 27 as part of the State's budget package. Assembly Bill X1 26 requires each California redevelopment agency to suspend nearly all activities except to implement existing contracts, meet already-incurred obligations, preserve its assets and prepare for the impending dissolution of the agency. Assembly Bill X1 27 provides a means for redevelopment agencies to continue to exist and operate by means of a Voluntary Alternative Redevelopment Program. Under this program, each city would adopt an ordinance agreeing to make certain payments to the County Auditor Controller in fiscal year 2011-12 and annual payments each fiscal year thereafter. Assembly Bill X1 26 indicates that the city "may use any available funds not otherwise obligated for other uses" to make this payment. The City of Grover Beach intends to use available monies of its redevelopment agency for this purpose and the City and Agency have approved a reimbursement agreement to accomplish that objective. The amounts to be paid after fiscal year 2012-13 have yet to be determined by state legislature.

Assembly Bill X1 26 directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by Assembly Bill X1 26.

In the event that Assembly Bill X1 26 is upheld, the interagency receivable recognized by funds of the City that had previously loaned or advanced funds to the redevelopment agency may become uncollectible resulting in a loss recognized by such funds. The City might additionally be impacted if reimbursements previously paid by the redevelopment agency to the City for shared administrative services are reduced or eliminated.

The League of California Cities and the California Redevelopment Association (CRA) filed a lawsuit on July 18, 2011 on behalf of cities, counties and redevelopment agencies petitioning the California Supreme Court to overturn Assembly Bills X1 26 and 27 on the grounds that these bills violate the California Constitution. On August 11, 2011, the California Supreme Court issued a stay of all Assembly Bill X1 27 and most of Assembly Bill X1 26. The California Supreme Court stated in its order that "the briefing schedule is designed to facilitate oral argument as early as possible in 2011, and a decision before January 15, 2012." A second order issued by the California Supreme Court on August 17, 2011 indicated that certain provisions of Assembly Bills X1 26 and 27 were still in effect and not affected by its previous stay, including requirements to file an appeal of the determination of the community remittance payment by August 15, the requirement to adopt an Enforceable Obligations Payment Schedule ("EOPS") by August 29, 2011, and the requirement to prepare a preliminary draft of the initial Recognized Obligation Payment Schedule ("ROPS") by September 30, 2011.

Because the stay provided by Assembly Bill X1 26 only affects enforcement, each agency must adopt an Enforceable Obligation Payment Schedule and draft Recognized Obligation Payment Schedule prior to September 30, as required by the statute. Enforceable obligations include bonds, loans and payments required by the federal or State government; legally enforceable payments required in connection with agency employees such as pension payments and unemployment payments, judgments or settlements; legally binding and enforceable agreements or contracts; and contracts or agreements necessary for the continued administration or operation of the agency that are permitted for purposes set forth in ABX1 26.

On August 15, 2011, City Ordinance No. 11-03 was adopted, indicating that the City will comply with the Voluntary Alternative Redevelopment Program in order to permit the continued existence and operation of the Agency, in the event Assembly Bills X1 26 and/or 27 are upheld as constitutional. The initial payment by the City is estimated to be \$372,698 with half due on January 15, 2012 and the other half due May 15, 2012. Thereafter, an estimated \$87,470 will be due annually. The amounts to be paid after fiscal year 2012-13 have yet to be determined by the State Legislature. The semi-annual payments will be due on January 15 and May 15 of each year and would increase or decrease with changes in tax increment. Additionally, an increase amount would be due to schools if any "new debt" is incurred. Assembly Bill X1 27 allows a one-year reprieve on the Agency's obligation to contribute 20% of tax increment to the low-and-moderate-income housing fund so as to permit the Agency to assemble sufficient funds to make its initial payments. Failure to make these payments would require agencies to be terminated under the provisions of ABX1 26.

Management believes that the Agency will have sufficient funds to pay its obligations as they become due during the fiscal year ending June 30, 2012. The nature and extent of the operation of redevelopment agencies in the State of California beyond that time frame are dependent upon the outcome of litigation surrounding the actions of the state. In the event, that Assembly Bills X1 26 and/or 27 are specifically found by the courts to be unconstitutional, there is a possibility that future legislative acts may create new challenges to the ability of redevelopment agencies in the State of California to continue in view of the California State Legislature's stated intent to eliminate California redevelopment agencies and to reduce their funding.

CITY OF GREENFIELD

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

NOTE 14 – PRIOR PERIOD ADJUSTMENT

A prior period adjustment of \$167,850 and \$105,124 in the Water and Sewer Fund, respectively, for the overstatement of Cash with Fiscal Agent that did not belong to the City.

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REQUIRED SUPPLEMENTAL INFORMATION SECTION

CITY OF GREENFIELD

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes and assessments	\$ 2,924,100	\$ 2,924,100	\$ 2,673,947	\$ (250,153)
Licenses and permits	215,200	215,200	50,144	(165,056)
Fines and penalties	90,000	90,000	119,081	29,081
Use of money and property	15,000	15,000	24,024	9,024
Intergovernmental revenues	107,846	107,846	292,164	184,318
Charges for services	1,846,900	1,846,900	1,781,124	(65,776)
Other revenues	85,800	85,800	1,199,864	1,114,064
Total revenues	5,284,846	5,284,846	6,140,348	855,502
EXPENDITURES				
Current:				
General government	2,455,600	2,443,400	2,131,230	312,170
Public works	133,300	129,400	254,766	(125,366)
Building and planning	364,700	347,200	280,212	66,988
Parks and recreation	329,400	119,100	148,260	(29,160)
Public safety	2,868,800	2,813,300	3,036,888	(223,588)
Capital outlay	45,000	45,000	56,739	(11,739)
Debt service:				
Principal	107,700	107,700	93,195	14,505
Interest	93,200	93,200	107,667	(14,467)
Total expenditures	6,397,700	6,098,300	6,108,957	(10,657)
Excess of revenues over (under) expenditures	(1,112,854)	(813,454)	31,391	844,845
OTHER FINANCING SOURCES				
Transfers in	386,540	555,700	604,600	48,900
Total other financing sources	386,540	555,700	604,600	48,900
Revenues and other financing sources over (under) expenditures	(726,314)	(257,754)	635,991	893,745
Fund balance, beginning of fiscal year	1,551,437	1,551,437	1,551,437	
Fund balance, end of fiscal year	\$ 825,123	\$ 1,293,683	\$ 2,187,428	\$ 893,745

CITY OF GREENFIELD

HOME GRANT SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Use of money and property	\$ -	\$ -	\$ 408	\$ 408
Intergovernmental revenues			105,457	105,457
Other revenues			19,766	19,766
Total revenues			125,631	125,631
EXPENDITURES				
Current:				
Community development			101,220	(101,220)
Total expenditures			101,220	(101,220)
Excess of revenues over (under) expenditures			24,411	24,411
Fund balance, beginning of fiscal year	(4,476)	(4,476)	(4,476)	
Fund balance, end of fiscal year	<u>\$ (4,476)</u>	<u>\$ (4,476)</u>	<u>\$ 19,935</u>	<u>\$ 24,411</u>

CITY OF GREENFIELD
**REDEVELOPMENT AGENCY LOW-MODERATE SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes and assessments	\$ 477,500	\$ 477,500	\$ 435,969	\$ (41,531)
Use of money and property	50,000	50,000	6,289	(43,711)
Other revenues			23,190	23,190
Total revenues	<u>527,500</u>	<u>527,500</u>	<u>465,448</u>	<u>(62,052)</u>
EXPENDITURES				
Current:				
Community development	<u>217,100</u>	<u>217,100</u>	<u>150,060</u>	<u>67,040</u>
Total expenditures	<u>217,100</u>	<u>217,100</u>	<u>150,060</u>	<u>67,040</u>
Excess of revenues over expenditures	<u>310,400</u>	<u>310,400</u>	<u>315,388</u>	<u>4,988</u>
OTHER FINANCING SOURCES				
Transfers in			<u>156,177</u>	<u>156,177</u>
Total other financing uses			<u>156,177</u>	<u>156,177</u>
Revenues over (under) expenditures and other financing uses	310,400	310,400	471,565	161,165
Fund balance, beginning of fiscal year	<u>1,651,920</u>	<u>1,651,920</u>	<u>1,651,920</u>	
Fund balance, end of fiscal year	<u>\$ 1,962,320</u>	<u>\$ 1,962,320</u>	<u>\$ 2,123,485</u>	<u>\$ 161,165</u>

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SUPPLEMENTAL INFORMATION SECTION

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CITY OF GREENFIELD
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2011

	Supplemental Law Enforcement Service	Gas Tax	Local Transportation	2007 Youth Build Grant
ASSETS				
Cash and investments	\$ -	\$ 289,488	\$ 43	\$ -
Accounts receivable	25,000	53,627	429,586	2,112
Interest receivable		117		
Total assets	\$ 25,000	\$ 343,232	\$ 429,629	\$ 2,112
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 3,000	\$ 9,284	\$ 8,019	\$ 139
Accrued payroll		5,883		
Deferred revenue				
Due to other funds	10,817		305,046	1,973
Total liabilities	13,817	15,167	313,065	2,112
Fund Balances				
Restricted	11,183	328,065	116,564	
Total fund balances	11,183	328,065	116,564	
Total liabilities and fund balances	\$ 25,000	\$ 343,232	\$ 429,629	\$ 2,112

Special Revenue Funds

<u>Traffic Impact Fees</u>	<u>Park Impact Fees</u>	<u>Police Impact Fees</u>	<u>Sewer Impact Fees</u>	<u>Water Impact Fees</u>	<u>Community Center Impact Fees</u>
\$ 1,725,077	\$ 647,167	\$ 1,206	\$ 785,621	\$ 2,078,077	\$ 104,337
<u>2,049</u>	<u>2,137</u>		<u>908</u>	<u>2,430</u>	<u>117</u>
<u>\$ 1,727,126</u>	<u>\$ 649,304</u>	<u>\$ 1,206</u>	<u>\$ 786,529</u>	<u>\$ 2,080,507</u>	<u>\$ 104,454</u>
\$ 14,029	\$ -	\$ -	\$ -	\$ 1,360	\$ -
<u>14,029</u>				<u>1,360</u>	
<u>1,713,097</u>	<u>649,304</u>	<u>1,206</u>	<u>786,529</u>	<u>2,079,147</u>	<u>104,454</u>
<u>1,713,097</u>	<u>649,304</u>	<u>1,206</u>	<u>786,529</u>	<u>2,079,147</u>	<u>104,454</u>
<u>\$ 1,727,126</u>	<u>\$ 649,304</u>	<u>\$ 1,206</u>	<u>\$ 786,529</u>	<u>\$ 2,080,507</u>	<u>\$ 104,454</u>

CITY OF GREENFIELD
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2011

Special Revenue Funds

	<u>General Facilities Impact Fees</u>	<u>Redevelopment Agency</u>	<u>Lexington Square Assessment</u>	<u>Terra Verde Assessment</u>
ASSETS				
Cash and investments	\$ 830	\$ 21,705	\$ 292,401	\$ 604,320
Accounts receivable		14,600		
Interest receivable			283	625
	<u>830</u>	<u>36,305</u>	<u>292,684</u>	<u>604,945</u>
Total assets	<u>\$ 830</u>	<u>\$ 36,305</u>	<u>\$ 292,684</u>	<u>\$ 604,945</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ -	\$ 15,630	\$ 4,946	\$ 20,243
Accrued payroll		6,075	201	131
Deferred revenue		14,600		
Due to other funds				
		<u>36,305</u>	<u>5,147</u>	<u>20,374</u>
Total liabilities		<u>36,305</u>	<u>5,147</u>	<u>20,374</u>
Fund Balances				
Restricted	<u>830</u>		<u>287,537</u>	<u>584,571</u>
Total fund balances	<u>830</u>		<u>287,537</u>	<u>584,571</u>
Total liabilities and fund balances	<u>\$ 830</u>	<u>\$ 36,305</u>	<u>\$ 292,684</u>	<u>\$ 604,945</u>

<u>SMD #1</u>	<u>Totals</u>
\$ 413,061	\$ 6,963,333
	524,925
<u>449</u>	<u>9,115</u>
<u>\$ 413,510</u>	<u>\$ 7,497,373</u>

\$ -	\$ 76,650
	12,290
	14,600
	<u>317,836</u>
	<u>421,376</u>
<u>413,510</u>	<u>7,075,997</u>
<u>413,510</u>	<u>7,075,997</u>
<u>\$ 413,510</u>	<u>\$ 7,497,373</u>

CITY OF GREENFIELD

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

For the Fiscal Year Ended June 30, 2011

	Supplemental Law Enforcement Service	Gas Tax	Local Transportation	2007 Youth Build Grant
REVENUES				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Use of money and property		351		
Intergovernmental revenues	100,000	430,485	458,058	27,224
Charges for services				
Other revenues				234,679
Total revenues	<u>100,000</u>	<u>430,836</u>	<u>458,058</u>	<u>261,903</u>
EXPENDITURES				
Current:				
General government				51,626
Public works				
Building and planning				
Community development				
Public safety	43,563			
Streets and roads		333,013	13,279	
Capital outlay	40,539	56,739	748,917	
Total expenditures	<u>84,102</u>	<u>389,752</u>	<u>762,196</u>	<u>51,626</u>
Excess of revenues over (under) expenditures	<u>15,898</u>	<u>41,084</u>	<u>(304,138)</u>	<u>210,277</u>
OTHER FINANCING SOURCES (USES)				
Transfers in				
Transfers out		(128,200)	(2,400)	(210,277)
Total other financing sources (uses)		<u>(128,200)</u>	<u>(2,400)</u>	<u>(210,277)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	15,898	(87,116)	(306,538)	
Fund balances, beginning of fiscal year	(4,715)	415,181	423,102	
Fund balances, end of fiscal year	<u>\$ 11,183</u>	<u>\$ 328,065</u>	<u>\$ 116,564</u>	<u>\$ -</u>

Special Revenue Funds

Traffic Impact Fees	Park Impact Fees	Police Impact Fees	Sewer Impact Fees	Water Impact Fees	Community Center Impact Fees
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8,130	14,303		3,643	9,723	470
(85,866)					
<u>(77,736)</u>	<u>14,303</u>		<u>3,643</u>	<u>9,723</u>	<u>470</u>
42,708	2,625			1,040	
	<u>1,502,320</u>			<u>15,012</u>	
<u>42,708</u>	<u>1,504,945</u>			<u>16,052</u>	
<u>(120,444)</u>	<u>(1,490,642)</u>		<u>3,643</u>	<u>(6,329)</u>	<u>470</u>
(120,444)	(1,490,642)		3,643	(6,329)	470
<u>1,833,541</u>	<u>2,139,946</u>	<u>1,206</u>	<u>782,886</u>	<u>2,085,476</u>	<u>103,984</u>
<u>\$ 1,713,097</u>	<u>\$ 649,304</u>	<u>\$ 1,206</u>	<u>\$ 786,529</u>	<u>\$ 2,079,147</u>	<u>\$ 104,454</u>

CITY OF GREENFIELD

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

For the Fiscal Year Ended June 30, 2011

Special Revenue Funds

	General Facilities Impact Fees	Redevelopment Agency	Lexington Square Assessment	Terra Verde Assessment
REVENUES				
Taxes and assessments	\$ -	\$ -	\$ 152,977	\$ 201,814
Use of money and property			1,108	2,608
Intergovernmental revenues				
Charges for services				
Other revenues		10,841		
Total revenues		10,841	154,085	204,422
EXPENDITURES				
Current:				
General government				
Public works				
Building and planning				
Community development		417,680	67,785	193,641
Public safety				
Streets and roads				
Capital outlay				
Total expenditures		417,680	67,785	193,641
Excess of revenues over (under) expenditures		(406,839)	86,300	10,781
OTHER FINANCING SOURCES (USES)				
Transfers in		406,839		
Transfers out			(3,600)	(4,100)
Total other financing sources (uses)		406,839	(3,600)	(4,100)
Revenues and other financing sources over (under) expenditures and other financing uses			82,700	6,681
Fund balances, beginning of fiscal year	830		204,837	577,890
Fund balances, end of fiscal year	<u>\$ 830</u>	<u>\$ -</u>	<u>\$ 287,537</u>	<u>\$ 584,571</u>

<u>SMD #1</u>	<u>Totals</u>
\$ 39,804	\$ 394,595
1,794	42,130
	1,015,767
	(85,866)
	<u>245,520</u>
<u>41,598</u>	<u>1,612,146</u>
	51,626
	3,665
	42,708
2,147	681,253
	43,563
	346,292
	<u>2,363,527</u>
<u>2,147</u>	<u>3,532,634</u>
<u>39,451</u>	<u>(1,920,488)</u>
	406,839
<u>(1,000)</u>	<u>(349,577)</u>
<u>(1,000)</u>	<u>57,262</u>
38,451	(1,863,226)
<u>375,059</u>	<u>8,939,223</u>
<u>\$ 413,510</u>	<u>\$ 7,075,997</u>



MOSS, LEVY & HARTZHEIM LLP

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

City Council of the City of Greenfield
Greenfield, California

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate fund information of the City of Greenfield (the City), as of and for the fiscal year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents, and have issued our report thereon dated December 28, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

We noted certain matter that we reported to management of the City in a separate letter dated December 28, 2011.

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

MOSS, LEVY & HARTZHEIM LLP

Moss, Levy & Hartzheim LLP

December 28, 2011

