

CITY OF GREENFIELD

BASIC FINANCIAL STATEMENT



JUNE 30, 2012

**CITY OF GREENFIELD
CALIFORNIA**

FINANCIAL STATEMENTS
June 30, 2012

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 remaining fund information of the City of Greenfield (City), as of and for the fiscal year ended June 30, 2012, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We 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, 2012, and the respective changes in 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.

As discussed in note 1 to basic financial statements effective July 1, 2011, the City of Greenfield adopted Governmental Accounting Standards Board (GASB) Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions*.

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 47 through 49, 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.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 23, 2013, on our consideration of the City of Greenfield'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 or on 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Greenfield's financial statements as a whole. The introductory section, combining nonmajor funds financial statements, and combining fiduciary funds financial statements, are presented for purposes of additional analysis and are not a required part of the financial statements. The combining nonmajor funds financial statements and combining fiduciary funds financial statements, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to 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 statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United State of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Moss, Remy & Hartzheim LLP

Santa Maria, California
May 23, 2013

CITY OF GREENFIELD

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2012

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, 2012. 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, 2012, by \$51,607,944. This represents an increase of \$13,451,279 from the prior fiscal year.
- As of June 30, 2012, the City's governmental funds reported combined ending fund balances of \$10,200,954. This represents a decrease of \$12,830,462 from the prior fiscal year.
- As of June 30, 2012, the unassigned fund balance for the General Fund was \$4,713,608 or 96% 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 three categories: governmental funds, proprietary funds, and fiduciary funds.

CITY OF GREENFIELD

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2012

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 22 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, Housing Fund, Redevelopment Agency Capital Projects Fund, and the Redevelopment Agency Debt Service Fund are reported as major funds. Data from the other 16 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.

Fiduciary Funds

The City maintains three fiduciary funds: the RDA Successor Agency Admin Fund, RDA Successor Agency Capital Projects Fund, and the RDA Successor Agency Debt Service Fund. The three funds are private-purpose trust funds of the City. The fiduciary funds financial statements can be found on pages 25 and 26 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 27 through 46 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 47 through 49 of this report. The supplemental information section, mentioned above, can be found on pages 52 through 61 of this report.

CITY OF GREENFIELD

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2012

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 \$51,607,944 at June 30, 2012.

The largest portion of the City's net assets (72%) 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 below:

Statement of Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 14,558,768	\$ 29,340,642	\$ 3,052,716	\$ 3,231,047	\$ 17,611,484	\$ 32,571,689
Capital assets	30,816,420	28,808,676	13,976,260	14,543,366	44,792,680	43,352,042
Total assets	45,375,188	58,149,318	17,028,976	17,774,413	62,404,164	75,923,731
Current liabilities	842,508	2,856,572	321,328	539,526	1,163,836	3,396,098
Noncurrent liabilities	4,256,532	29,119,577	5,375,852	5,251,391	9,632,384	34,370,968
Total liabilities	5,099,040	31,976,149	5,697,180	5,790,917	10,796,220	37,767,066
Invested in capital assets, net						
of related debt	28,749,047	9,265,441	8,600,408	9,155,067	37,349,455	18,420,508
Restricted	11,966,907	24,652,309			11,966,907	24,652,309
Unrestricted	(439,806)	(7,744,581)	2,731,388	2,828,429	2,291,582	(4,916,152)
Total net assets	\$ 40,276,148	\$ 26,173,169	\$ 11,331,796	\$ 11,983,496	\$ 51,607,944	\$ 38,156,665

The City's total net assets increased by \$13,451,279 for the fiscal year 2011-2012 of which an increase of \$14,102,979 related to governmental activities and a decrease of \$651,700 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	
	2012	2011	2012	2011	2012	2011
Program Revenues:						
Charges for services	\$ 2,420,455	\$ 2,265,585	\$ 1,711,477	\$ 1,572,298	\$ 4,131,932	\$ 3,837,883
Operating contributions and grants	852,230	1,230,977		532,058	852,230	1,763,035
Capital contributions and grants	891,783			15,012	891,783	15,012
General Revenues:						
Property taxes	2,423,172	3,624,645			2,423,172	3,624,645
Other taxes	1,363,566	1,564,930			1,363,566	1,564,930
Other revenue	201,361	966,126	26,833	(319,633)	228,194	646,493
Special and extraordinary items	12,309,971				12,309,971	
Transfers	379,671	887,948	(379,671)			887,948
Total	20,842,209	10,540,211	1,358,639	1,799,735	22,200,848	12,339,946

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CITY OF GREENFIELD

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2012

Continued from previous page

Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Expenses:						
General government	1,341,794	2,923,425			1,341,794	2,923,425
Public works	709,938	273,279			709,938	273,279
Building and planning	106,495	326,830			106,495	326,830
Parks and recreation	348,605	366,938			348,605	366,938
Community development	221,817	1,139,616			221,817	1,139,616
Public safety	2,848,453	3,170,917			2,848,453	3,170,917
Streets and roads	850,618	558,502			850,618	558,502
Interest on long-term debt	311,510	1,471,932			311,510	1,471,932
Water			1,201,540	1,249,468	1,201,540	1,249,468
Sewer			808,799	715,471	808,799	715,471
Transit				528,625		528,625
Total expenses	6,739,230	10,231,439	2,010,339	2,493,564	8,749,569	12,725,003
Change in net assets	14,102,979	308,772	(651,700)	(693,829)	13,451,279	(385,057)
Net assets-beginning	26,173,169	25,864,397	11,983,496	12,950,299	38,156,665	38,814,696
Prior period adjustment				(272,974)		(272,974)
Net assets-ending	\$ 40,276,148	\$ 26,173,169	\$ 11,331,796	\$ 11,983,496	\$ 51,607,944	\$ 38,156,665

Fund Financial Analysis

At June 30, 2012, the City's governmental funds reported combined ending fund balances of \$10,200,954, a decrease of \$12,830,462 in comparison to prior year. Unassigned fund balances amounted to \$1,736,915 at June 30, 2012. The remainder of fund balance 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 \$4,768,246 of which \$54,638 (1.15%) 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 2011-12 fiscal year, the fund balance of the City's General fund increased by \$2,580,818.

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

- The Home Grant Fund balance increased by \$1,107.
- The Civic Center Construction Fund balance increased from \$(671,265) to \$0.
- The Housing Fund balance decreased to \$(107,800).
- The Redevelopment Agency Capital Projects Fund balance decreased from \$\$8,902,972 to \$0 due to dissolution of redevelopment and the transfer of remaining balances to successor redevelopment agency.
- The Redevelopment Agency Debt Service Fund balance decreased from \$3,392,864 to \$0 due to dissolution of redevelopment and the transfer of remaining balances to successor redevelopment agency.

CITY OF GREENFIELD

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2012

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 \$2,731,388, a decrease of \$97,041. The total decline in net assets was \$651,700.

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

- The Water fund net assets decreased from \$6,220,588 to \$5,764,940.
- The Sewer fund net assets decreased from \$5,771,150 to \$5,566,856.
- The Transit Fund net assets increased from \$(8,242) to \$0.

General Fund Budgetary Highlights

Difference between the original budget and the final amended budget for expenditures was an increase of \$560,900. Revenues were \$265,429 above estimates. Actual expenditures were \$62,503 less than final budget.

Capital Assets

The City's investment in capital assets for its governmental activities and business-type activities as of June 30, 2012, amounts to \$30,816,420 and \$13,976,260 (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 \$1,440,638.

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	
	2012	2011	2012	2011	2012	2011
Land	\$ 4,039,010	\$ 4,889,949	\$ 323,537	\$ 323,537	\$ 4,362,547	\$ 5,213,486
Construction in progress	5,145,104	15,120,593	17,330	15,012	5,162,434	15,135,605
Building and improvements	22,950,279	9,353,199			22,950,279	9,353,199
Property and equipment	2,572,748	2,241,750	20,127,559	20,238,075	22,700,307	22,479,825
Infrastructure	1,910,692	1,910,692			1,910,692	1,910,692
Total capital assets	36,617,833	33,516,183	20,468,426	20,576,624	57,086,259	54,092,807
Accumulated depreciation	5,801,413	4,707,507	6,492,166	6,033,258	12,293,579	10,740,765
Net capital assets	<u>\$ 30,816,420</u>	<u>\$ 28,808,676</u>	<u>\$ 13,976,260</u>	<u>\$ 14,543,366</u>	<u>\$ 44,792,680</u>	<u>\$ 43,352,042</u>

Additional information on the City's capital assets can be found in note 5 on pages 36 and 37 of this report.

CITY OF GREENFIELD

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2012

Long-term Debt

At the end of the fiscal year, the City had total governmental activities debt outstanding of \$4,256,532. This represents a substantial decline from the prior balance of \$29,616,448. The decline is attributed to the redevelopment and the transfer of long-term debt liabilities to the successor redevelopment agency. At the end of the fiscal year, the City had total business-type activities debt outstanding of \$5,375,852.

Schedule of Outstand Debt

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
RDA Tax Allocation Bonds	\$ -	\$ 26,232,355	\$ -	\$ -	\$ -	\$ 26,232,355
Loan payable	1,900,000	1,000,000	5,251,391	5,388,299	7,151,391	6,388,299
Capital lease payable	2,067,373	2,040,921	124,461		2,191,834	2,040,921
Compensated absences	289,159	343,172			289,159	343,172
	<u>\$ 4,256,532</u>	<u>\$ 29,616,448</u>	<u>\$ 5,375,852</u>	<u>\$ 5,388,299</u>	<u>\$ 9,632,384</u>	<u>\$ 35,004,747</u>

The City's total debt decreased by \$25,372,363, of this amount, \$25,649,369 is attributable to the dissolution of the redevelopment agency. Additional information on the City's long-term debt can be found in note 6 and note 7 on pages 37 through 40 of this report.

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. While assessed valuation data has not been released by the Monterey County Assessor's office, it is expected that assessed valuation declines have bottomed out. As the economy, particularly the residential housing market turns around, assessed valuations may increase faster than the normal 2% limit, housing market conditions will dictate how quickly assessed valuation may rise until such time as valuations reach pre-decline levels wherein they will return to the Proposition 13 minus of 2% annually.
- The voters approved a permanent sales tax override which will increase the City's portion of sales tax rate from 1% to 2%. It is expected to raise an additional \$650,000 annually in General Fund revenues.
- During the fiscal year 2012-13, 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, 2012

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 9,034,681	\$ 2,852,489	\$ 11,887,170
Accounts receivable, net	1,020,031	197,810	1,217,841
Interest receivable	7,371	2,417	9,788
Notes receivable	3,665,306		3,665,306
Prepaid expenses	54,638		54,638
Deposits	776,741		776,741
Capital assets:			
Nondepreciable:			
Land	4,039,010	323,537	4,362,547
Construction in progress	5,145,104	17,330	5,162,434
Depreciable:			
Building and improvements	22,950,279		22,950,279
Property and equipment	2,572,748	20,127,559	22,700,307
Infrastructure	1,910,692		1,910,692
Accumulated depreciation	<u>(5,801,413)</u>	<u>(6,492,166)</u>	<u>(12,293,579)</u>
Total assets	<u>45,375,188</u>	<u>17,028,976</u>	<u>62,404,164</u>

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

CITY OF GREENFIELD
STATEMENT OF NET ASSETS
June 30, 2012

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
LIABILITIES			
Accounts payable	468,368	44,253	512,621
Accrued payroll	120,528	4,439	124,967
Accrued interest payable	150,000	68,924	218,924
Service deposits	100,836	187,267	288,103
Deferred revenue	2,776	16,445	19,221
Noncurrent liabilities:			
Due within one year	132,498	170,647	303,145
Due in more than one year	<u>4,124,034</u>	<u>5,205,205</u>	<u>9,329,239</u>
 Total liabilities	 <u>5,099,040</u>	 <u>5,697,180</u>	 <u>10,796,220</u>
NET ASSETS			
Invested in capital assets, net of related debt	28,749,047	8,600,408	37,349,455
Restricted for:			
Housing	3,578,548		3,578,548
Community development	1,651,685		1,651,685
Public safety	47,379		47,379
Streets and roads	565,364		565,364
Building and planning	2,103,770		2,103,770
Public works	4,020,161		4,020,161
Unrestricted	<u>(439,806)</u>	<u>2,731,388</u>	<u>2,291,582</u>
 Total net assets	 <u>\$ 40,276,148</u>	 <u>\$ 11,331,796</u>	 <u>\$ 51,607,944</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, 2012

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues Operating Contributions and Grants</u>
Governmental activities:			
General government	\$ 1,341,794	\$ 179,900	\$ 5,281
Public works	709,938	1,741,533	
Building and planning	106,495	259,158	
Parks and recreation	348,605		
Community development	221,817	175,609	
Public safety	2,848,453	64,255	264,729
Streets and roads	850,618		582,220
Interest on long-term debt	311,510		
Total governmental activities	<u>6,739,230</u>	<u>2,420,455</u>	<u>852,230</u>
Business-type activities:			
Water	1,201,540	887,898	
Sewer	808,799	823,579	
Total business-type activities	<u>2,010,339</u>	<u>1,711,477</u>	
Total	<u>\$ 8,749,569</u>	<u>\$ 4,131,932</u>	<u>\$ 852,230</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

Special and extraordinary items:

Special item-gain from early bond retirement

Extraordinary item-gain on dissolution of the
redevelopment agency

Transfers

Total general revenues, special and
extraordinary items, and transfers

Change in net assets

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

Net (Expense) Revenue and Changes in Net Assets

<u>Capital Contributions and Grants</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ -	\$ (1,156,613)	\$ -	\$ (1,156,613)
	1,031,595		1,031,595
	152,663		152,663
	(348,605)		(348,605)
891,783	845,575		845,575
	(2,519,469)		(2,519,469)
	(268,398)		(268,398)
	(311,510)		(311,510)
<u>891,783</u>	<u>(2,574,762)</u>		<u>(2,574,762)</u>
		(313,642)	(313,642)
		14,780	14,780
		(298,862)	(298,862)
<u>\$ 891,783</u>	<u>(2,574,762)</u>	<u>(298,862)</u>	<u>(2,873,624)</u>
	2,423,172		2,423,172
	1,258,523		1,258,523
	11,635		11,635
	63,183		63,183
	21,370		21,370
	8,855		8,855
	129,172	26,833	156,005
	72,189		72,189
	184,456		184,456
	12,125,515		12,125,515
	<u>379,671</u>	<u>(379,671)</u>	
	<u>16,677,741</u>	<u>(352,838)</u>	<u>16,324,903</u>
	14,102,979	(651,700)	13,451,279
	<u>26,173,169</u>	<u>11,983,496</u>	<u>38,156,665</u>
	<u>\$ 40,276,148</u>	<u>\$ 11,331,796</u>	<u>\$ 51,607,944</u>

CITY OF GREENFIELD
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2012

	<u>General Fund</u>	<u>Home Grant Fund</u>	<u>Civic Center Construction Fund</u>	<u>Housing Fund</u>
ASSETS				
Cash and investments	\$ 722,057	\$ 21,042	\$ 44,425	\$ -
Accounts receivable	775,189			
Interest receivable	337			
Notes receivable		1,142,903		2,522,403
Prepaid expenditures	54,638			
Deposits	776,741			
Due from other funds				
Advances receivable	<u>2,900,000</u>			
Total assets	<u>\$ 5,228,962</u>	<u>\$ 1,163,945</u>	<u>\$ 44,425</u>	<u>\$ 2,522,403</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 248,614	\$ -	\$ 44,425	\$ 107,800
Accrued payroll	108,490			
Deferred revenue	2,776	1,142,903		2,522,403
Service deposits	100,836			
Due to other funds				
Advances payable				
Total liabilities	<u>460,716</u>	<u>1,142,903</u>	<u>44,425</u>	<u>2,630,203</u>
Fund Balances				
Nonspendable				
Prepaid expenditures	54,638			
Restricted				
Housing		21,042		
Community development				
Public safety				
Streets and roads				
Building and planning				
Public works				
Unassigned	<u>4,713,608</u>			<u>(107,800)</u>
Total fund balances	<u>4,768,246</u>	<u>21,042</u>		<u>(107,800)</u>
Total liabilities and fund balances	<u>\$ 5,228,962</u>	<u>\$ 1,163,945</u>	<u>\$ 44,425</u>	<u>\$ 2,522,403</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>
\$ -	\$ -	\$ 8,247,157	\$ 9,034,681
		244,842	1,020,031
		7,034	7,371
			3,665,306
			54,638
			776,741
		55,412	55,412
			<u>2,900,000</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,554,445</u>	<u>\$ 17,514,180</u>
\$ -	\$ -	\$ 67,529	\$ 468,368
		12,038	120,528
			3,668,082
			100,836
		55,412	55,412
		<u>2,900,000</u>	<u>2,900,000</u>
		<u>3,034,979</u>	<u>7,313,226</u>
			54,638
			21,042
		1,651,685	1,651,685
		47,379	47,379
		565,364	565,364
		2,103,770	2,103,770
		4,020,161	4,020,161
		<u>(2,868,893)</u>	<u>1,736,915</u>
		<u>5,519,466</u>	<u>10,200,954</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,554,445</u>	<u>\$ 17,514,180</u>

CITY OF GREENFIELD

RECONCILIATION OF THE GOVERNMENTAL FUNDS - BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
June 30, 2012

Total fund balances - governmental funds \$ 10,200,954

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	\$ 36,617,833	
Accumulated depreciation	<u>(5,801,413)</u>	
Net		30,816,420

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. 3,665,306

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. (150,000)

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:

2005 CalHFA Loan	\$ 500,000	
2009 CalHFA Loan	500,000	
Capital leases payable	2,067,373	
Loan payable	900,000	
Compensated absences payable	<u>289,159</u>	
Total		<u>(4,256,532)</u>

Total net assets - governmental activities \$ 40,276,148

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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, 2012

	General Fund	Home Grant Fund	Civic Center Construction Fund	Housing Fund
REVENUES				
Taxes and assessments	\$ 2,760,212	\$ -	\$ -	\$ -
Licenses and permits	201,449			
Fines and penalties	77,063			
Use of money and property	21,096	48	49	168
Intergovernmental revenues	190,320			
Charges for services	621,122			
Other revenues	46,767	1,059	891,783	4,619
Total revenues	3,918,029	1,107	891,832	4,787
EXPENDITURES				
Current:				
General government	1,373,729			
Public works	368,829			
Building and planning	104,654			
Parks and recreation	141,456			
Community development				
Public safety	2,661,757			
Streets and roads				
Capital outlay	37,803		220,567	
Debt service:				
Principal	112,194			
Interest	105,075			
Total expenditures	4,905,497		220,567	
Excess of revenues over (under) expenditures	(987,468)	1,107	671,265	4,787
OTHER FINANCING SOURCES (USES)				
Proceeds from capital lease	76,415			
Transfers in	591,871			
Transfers out				(112,587)
Total other financing sources (uses)	668,286			(112,587)
SPECIAL AND EXTRAORDINARY ITEMS				
Special item-gain on early bond retirement				
Extraordinary item - gain (loss) on dissolution of the redevelopment agency	900,000			
Total special and extraordinary items	900,000			
Net change in fund balances	580,818	1,107	671,265	(107,800)
Fund balances, beginning of fiscal year	2,187,428	19,935	(671,265)	
Prior period adjustment	2,000,000			
Fund balances, beginning of fiscal year restated	4,187,428	19,935	(671,265)	
Fund balances, end of fiscal year	\$ 4,768,246	\$ 21,042	\$ -	\$ (107,800)

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

Redevelopment Agency Capital Projects Fund	Redevelopment Agency Debt Service Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 795,480	\$ 658,533	\$ 4,214,225
			201,449
			77,063
7,566	68,595	31,650	129,172
		682,220	872,540
		1,146,788	1,767,910
		7,343	951,571
<u>7,566</u>	<u>864,075</u>	<u>2,526,534</u>	<u>8,213,930</u>
		38,941	1,412,670
		316,390	685,219
			104,654
			141,456
2,710	8	182,922	185,640
		63,834	2,725,591
		320,747	320,747
2,821,304		169,481	3,249,155
	575,000	14,184	701,378
	605,953	2,616	713,644
<u>2,824,014</u>	<u>1,180,961</u>	<u>1,109,115</u>	<u>10,240,154</u>
<u>(2,816,448)</u>	<u>(316,886)</u>	<u>1,417,419</u>	<u>(2,026,224)</u>
		76,415	152,830
1,980,922	193,315	162,979	2,929,087
		(2,436,829)	(2,549,416)
<u>1,980,922</u>	<u>193,315</u>	<u>(2,197,435)</u>	<u>532,501</u>
	184,456		184,456
<u>(8,967,446)</u>	<u>(3,453,749)</u>		<u>(11,521,195)</u>
<u>(8,967,446)</u>	<u>(3,269,293)</u>		<u>(11,336,739)</u>
<u>(9,802,972)</u>	<u>(3,392,864)</u>	<u>(780,016)</u>	<u>(12,830,462)</u>
8,902,972	3,392,864	9,199,482	23,031,416
900,000		(2,900,000)	
<u>9,802,972</u>	<u>3,392,864</u>	<u>6,299,482</u>	<u>23,031,416</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,519,466</u>	<u>\$ 10,200,954</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, 2012

Net change in fund balances - governmental funds \$ (12,830,462)

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 \$3,285,794 exceeds depreciation expense \$(983,749) in the period was: 2,302,045

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. (61,363)

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. (10,711)

In governmental funds, proceeds from debt are recognized as other financing sources. In government-wide statements, proceeds from debt are reported as increased to liabilities. Amounts recognized in governmental funds as proceeds from debt, net of issue premium or discount, were: (152,830)

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: 454,199

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. 701,378

In the statement of activities, compensated absences are measured by the amounts earned during the fiscal year. In governmental funds, expenditures for these items are measured by the amount of financial resources used (essentially the amount paid). This fiscal year, vacation earned exceeded the amount used by: 54,013

Extraordinary item reported in the governmental funds and the difference reported on the statement of activities 23,646,710

Change in net assets - governmental activities \$ 14,102,979

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

CITY OF GREENFIELD
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
June 30, 2012

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Transit Fund</u>	<u>Totals</u>
ASSETS				
Current assets:				
Cash and investments	\$ 2,198,773	\$ 653,716	\$ -	\$ 2,852,489
Accounts receivable, net	109,725	88,085		197,810
Interest receivable	<u>1,970</u>	<u>447</u>		<u>2,417</u>
Total current assets	<u>2,310,468</u>	<u>742,248</u>		<u>3,052,716</u>
Capital assets:				
Land	265,409	58,128		323,537
Construction in progress	17,330			17,330
Property and equipment	<u>9,385,614</u>	<u>10,741,945</u>		<u>20,127,559</u>
	9,668,353	10,800,073		20,468,426
Less accumulated depreciation	<u>(2,863,145)</u>	<u>(3,629,021)</u>		<u>(6,492,166)</u>
Total capital assets (net of accumulated depreciation)	<u>6,805,208</u>	<u>7,171,052</u>		<u>13,976,260</u>
Total assets	<u>9,115,676</u>	<u>7,913,300</u>		<u>17,028,976</u>
LIABILITIES				
Current liabilities:				
Accounts payable	25,308	18,945		44,253
Accrued payroll		4,439		4,439
Accrued interest payable	40,755	28,169		68,924
Service deposits	100,836	86,431		187,267
Deferred revenue	16,445			16,445
Due within one year	<u>98,218</u>	<u>72,429</u>		<u>170,647</u>
Total current liabilities	<u>281,562</u>	<u>210,413</u>		<u>491,975</u>
Noncurrent liabilities:				
Capital leases payable - due in more than one year	47,517	47,517		95,034
Notes payable	<u>3,021,657</u>	<u>2,088,514</u>		<u>5,110,171</u>
Total noncurrent liabilities	<u>3,069,174</u>	<u>2,136,031</u>		<u>5,205,205</u>
Total liabilities	<u>3,350,736</u>	<u>2,346,444</u>		<u>5,697,180</u>
NET ASSETS				
Invested in capital assets, net of related debt	3,637,816	4,962,592		8,600,408
Unrestricted	<u>2,127,124</u>	<u>604,264</u>		<u>2,731,388</u>
Total net assets	<u>\$ 5,764,940</u>	<u>\$ 5,566,856</u>	<u>\$ -</u>	<u>\$ 11,331,796</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, 2012

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Transit Fund</u>	<u>Totals</u>
OPERATING REVENUES:				
Charges for services	\$ 879,996	\$ 817,861	\$ -	\$ 1,697,857
Connection fees	7,531			7,531
Other operating revenues	<u>371</u>	<u>5,718</u>		<u>6,089</u>
Total operating revenues	<u>887,898</u>	<u>823,579</u>		<u>1,711,477</u>
OPERATING EXPENSES:				
Salaries and benefits	375,655	162,973		538,628
Contractual services	74,231	116,548		190,779
Office expense, supplies, and materials	27,782	2,062		29,844
Special departmental expenses	26,165	5,995		32,160
Repairs and maintenance	87,203	30,148		117,351
Memberships and dues	636	559		1,195
Travel, meetings, and conferences	4,033	2,001		6,034
Utilities	219,573	71,482		291,055
Taxes	1,317	4,617		5,934
Depreciation	<u>274,744</u>	<u>322,549</u>		<u>597,293</u>
Total operating expenses	<u>1,091,339</u>	<u>718,934</u>		<u>1,810,273</u>
Operating income (loss)	<u>(203,441)</u>	<u>104,645</u>		<u>(98,796)</u>
NON-OPERATING REVENUES (EXPENSES)				
Loss on disposition of capital assets			(12,887)	(12,887)
Interest income	23,694	3,139		26,833
Interest expense	<u>(110,201)</u>	<u>(76,978)</u>		<u>(187,179)</u>
Total non-operating revenues (expenses)	<u>(86,507)</u>	<u>(73,839)</u>	<u>(12,887)</u>	<u>(173,233)</u>
Loss before transfers and capital contributions	<u>(289,948)</u>	<u>30,806</u>	<u>(12,887)</u>	<u>(272,029)</u>
TRANSFERS AND CAPITAL CONTRIBUTIONS				
Transfers in			21,129	21,129
Transfers out	<u>(165,700)</u>	<u>(235,100)</u>		<u>(400,800)</u>
Total transfers and capital contributions	<u>(165,700)</u>	<u>(235,100)</u>	<u>21,129</u>	<u>(379,671)</u>
Change in net assets	(455,648)	(204,294)	8,242	(651,700)
Net assets - July 1	<u>6,220,588</u>	<u>5,771,150</u>	<u>(8,242)</u>	<u>11,983,496</u>
Net assets - June 30	<u>\$ 5,764,940</u>	<u>\$ 5,566,856</u>	<u>\$ -</u>	<u>\$ 11,331,796</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, 2012

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Transit Fund</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	\$ 855,137	\$ 802,606	\$ 226,639	\$ 1,884,382
Payments to suppliers	(457,351)	(230,887)	(247,818)	(936,056)
Payments to employees	(391,801)	(161,293)		(553,094)
Net cash provided (used) by operating activities	<u>5,985</u>	<u>410,426</u>	<u>(21,179)</u>	<u>395,232</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of capital assets	(22,696)	(20,378)		(43,074)
Proceeds from capital lease	76,415	76,415		152,830
Principal payments on long-term debt	(95,138)	(70,139)		(165,277)
Interest paid on long-term debt	(111,266)	(77,713)		(188,979)
Net cash used by capital and related financing activities	<u>(152,685)</u>	<u>(91,815)</u>		<u>(244,500)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers to other funds	(165,700)	(235,100)		(400,800)
Transfers from other funds			21,129	21,129
Net cash provided (used) by noncapital financing activities	<u>(165,700)</u>	<u>(235,100)</u>	<u>21,129</u>	<u>(379,671)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest income	24,462	3,555		28,017
Net cash provided by investing activities	<u>24,462</u>	<u>3,555</u>		<u>28,017</u>
Net increase (decrease) in cash and cash equivalents	(287,938)	87,066	(50)	(200,922)
Cash and cash equivalents - July 1	<u>2,486,711</u>	<u>566,650</u>	<u>50</u>	<u>3,053,411</u>
Cash and cash equivalents - June 30	<u>\$ 2,198,773</u>	<u>\$ 653,716</u>	<u>\$ -</u>	<u>\$ 2,852,489</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, 2012

	<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)	\$ (203,441)	\$ 104,645	\$ -	\$ (98,796)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation expense	274,744	322,549		597,293
Change in assets and liabilities:				
Receivables, net	(14,293)	(17,611)	226,639	194,735
Accounts payable	(16,411)	2,525	(29,310)	(43,196)
Accrued payroll	(16,146)	1,680		(14,466)
Service deposits	(3,923)	(3,362)		(7,285)
Deferred revenue	(14,545)			(14,545)
Due to other funds			(218,508)	(218,508)
Net cash provided (used) by operating activities	<u>\$ 5,985</u>	<u>\$ 410,426</u>	<u>\$ (21,179)</u>	<u>\$ 395,232</u>

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

CITY OF GREENFIELD
STATEMENT OF FIDUCIARY NET ASSETS
June 30, 2012

	<u>Private Purpose Trust Funds</u>
	<u>Successor Agency</u>
Assets	
Cash and cash equivalents	\$ 8,822,898
Interest receivable	1,953
Note receivable	12,535
Due from City of Greenfield	1,007,800
Land held for resale	1,182,000
Debt issuance costs-net of accumulated amortization	794,846
Capital assets, net	
Non-depreciable	<u>850,939</u>
 Total assets	 <u>12,672,971</u>
Liabilities	
Accounts payable	292,194
Accrued interest payable	469,313
Noncurrent liabilities:	
Due within one year	533,862
Due in more than one year	<u>24,724,631</u>
 Total liabilities	 <u>26,020,000</u>
Net Assets	
Held in trust	<u><u>\$ (13,347,029)</u></u>

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

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. The Redevelopment Agency was dissolved as of February 1, 2012. Financial activity is reported up to that date within the City's basic financial statements.

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 of 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, 2012

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 organizations, other governmental units, and/or other funds. Assets equal liabilities and the measurement of operations is not a focus of the Agency Funds. Fiduciary Funds use the full accrual basis of accounting for reporting receivables and payables. Fiduciary funds are reported in the fund financial statements but are not included for government-wide reporting purposes.

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.

Housing 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.

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, 2012

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.

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. 64

For the fiscal year ended June 30, 2012, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 64, "Derivative Instruments: Application of Hedge Accounting Termination Provisions." This Statement is effective for periods beginning after June 15, 2011. The objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. Implementation of the GASB Statement No. 64, did not have an impact on the City's financial statements for the fiscal year ended June 30, 2012.

CITY OF GREENFIELD

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2012

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 \$107,800 exists in the Housing 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.

NOTE 3 – CASH AND INVESTMENTS

The composition of cash and investments as of June 30, 2012, by fund is as follows:

	Available For Operations	Restricted	Total
General Fund	\$ 722,057	\$ -	\$ 722,057
Special Revenue and Capital Projects Funds	8,312,624		8,312,624
Proprietary Funds	2,852,489		2,852,489
Fiduciary Funds		8,822,898	8,822,898
Total	<u>\$ 11,887,170</u>	<u>\$ 8,822,898</u>	<u>\$ 20,710,068</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, 2012, consisted of the following:

Cash in banks and on hand	\$ 498,829
Investments	<u>11,388,341</u>
Total cash and investments, statement of net assets	<u>11,887,170</u>
Cash in banks and on hand	225,208
Cash and investments with fiscal agent	5,865,977
Investments	<u>2,731,713</u>
Total cash and investments, statement of fiduciary net assets	<u>8,822,898</u>
Total	<u>\$ 20,710,068</u>

CITY OF GREENFIELD

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2012

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, 2012

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	\$ 13,761,937	\$ 13,761,937	\$ -	\$ -	\$ -
Time deposits	108,248			108,248	
Money market funds	249,869	249,869			
Held by fiscal agent:					
Money market funds	5,865,977	5,865,977			
Total	<u>\$ 19,986,031</u>	<u>\$ 19,877,783</u>	<u>\$ -</u>	<u>\$ 108,248</u>	<u>\$ -</u>

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	\$ 13,761,937	N/A	\$ -	\$ -	\$ 13,761,937
Time deposits	108,248	N/A			108,248
Money market funds	249,869	N/A		249,869	
Held by fiscal agent:					
Money market funds	5,865,977	N/A		5,865,977	
Total	<u>\$ 19,986,031</u>		<u>\$ -</u>	<u>\$ 6,115,846</u>	<u>\$ 13,870,185</u>

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.

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 City entered into an agreement with the Community Housing Improvement Systems and Planning Association (CHISPA), a nonprofit housing agency, where the City 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 City contribution, the City 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 City. 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 City entered into an agreement with the Community Housing Improvement Systems and Planning Association (CHISPA), a nonprofit housing agency, where the City 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 City contribution, the City 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 City. 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 City entered into an agreement with the Community Housing Improvement Systems and Planning Association (CHISPA), a nonprofit housing agency, where the City 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 City contribution, the City 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 City. 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, 2012

NOTE 4 – NOTES RECEIVABLE (Continued)

D. Down Payment Assistance Program

At June 30, 2012, the City held \$822,403 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 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, 2012, is \$1,142,903.

NOTE 5 – CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2012, was as follows:

	Balance July, 1 2011	Additions	Deletions	Transfers	Balance June 30, 2012
Governmental Activities					
Nondepreciable capital assets:					
Land	\$ 4,889,949	\$ -	\$ 850,939	\$ -	\$ 4,039,010
Construction in progress	15,120,593	3,621,591	13,597,080		5,145,104
Total nondepreciable capital assets	<u>\$ 20,010,542</u>	<u>\$ 3,621,591</u>	<u>\$ 14,448,019</u>	<u>\$ -</u>	<u>\$ 9,184,114</u>
Depreciable capital assets:					
Buildings and improvements	\$ 9,353,199	\$ 13,597,080	\$ -	\$ -	\$ 22,950,279
Property and equipment	2,241,750	209,453	29,727	151,272	2,572,748
Infrastructure	1,910,692				1,910,692
Total depreciable capital assets	13,505,641	13,806,533	29,727	151,272	27,433,719
Less accumulated depreciation	4,707,507	983,749	28,228	138,385	5,801,413
Net depreciable capital assets	<u>8,798,134</u>	<u>\$ 12,822,784</u>	<u>\$ 1,499</u>	<u>\$ 12,887</u>	<u>\$ 21,632,306</u>
Net capital assets	<u>\$ 28,808,676</u>	<u>\$ 16,444,375</u>	<u>\$ 14,449,518</u>	<u>\$ 12,887</u>	<u>\$ 30,816,420</u>
Business-Type Activities					
Nondepreciable capital assets:					
Land	\$ 323,537	\$ -	\$ -	\$ -	\$ 323,537
Construction in progress	15,012	2,318			17,330
Total nondepreciable capital assets	<u>\$ 338,549</u>	<u>\$ 2,318</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 340,867</u>
Depreciable capital assets:					
Property and equipment	\$ 20,238,075	\$ 40,756	\$ -	\$ (151,272)	\$ 20,127,559
Total depreciable capital assets	20,238,075	40,756		(151,272)	20,127,559
Less accumulated depreciation	6,033,258	597,293		(138,385)	6,492,166
Net depreciable capital assets	<u>\$ 14,204,817</u>	<u>\$ (556,537)</u>	<u>\$ -</u>	<u>\$ (12,887)</u>	<u>\$ 13,635,393</u>
Net capital assets	<u>\$ 14,543,366</u>	<u>\$ (554,219)</u>	<u>\$ -</u>	<u>\$ (12,887)</u>	<u>\$ 13,976,260</u>

CITY OF GREENFIELD

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2012

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	\$ 71,841
Public works	24,719
Building and planning	1,841
Parks and recreation	207,149
Community development	25,466
Public safety	122,862
Streets and roads	<u>529,871</u>
Total depreciation expense-governmental activities	<u>\$ 983,749</u>
Business-type Activities:	
Water	\$ 274,744
Sewer	<u>322,549</u>
Total depreciation expense-business-type activities	<u>\$ 597,293</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. The balance of the bond was transferred to the Successor Agency on February 1, 2012. See Note 14.

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 \$390,544. The resulting gain of \$184,456 is shown as a special item within the financial statements. The balance of the bond was transferred to the Successor Agency on February 1, 2012. See Note 14.

C. 2005 California Housing Finance Agency Loan Agreement

On April 10, 2005, the City entered into a loan agreement with the California Housing Finance Agency (CalHFA) in the amount of \$500,000. On December 28, 2005, the City also entered into agreement with Community Housing Improvement Systems and Planning Association (CHISPA), a nonprofit housing agency, where the City 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 City 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 City intends to use 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, 2012, was \$93,125.

The future minimum payment obligation for the loan agreement at June 30, 2012, is as follows:

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

CITY OF GREENFIELD

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2012

NOTE 6 – LONG-TERM DEBT (Continued)

D. 2009 California Housing Finance Agency Loan Agreement

On May 2, 2007, the City entered into a loan agreement with the California Housing Finance Agency (CalHFA) in the amount of \$500,000. On April 10, 2009, the City 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 City intends to use 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, 2012, was \$56,875.

The future minimum payment obligation for the loan agreement at June 30, 2012, is as follows:

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

E. Capital Leases 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
2013	\$ 200,862
2014	200,862
2015	200,862
2016	200,862
2017	200,862
2018-2022	1,004,310
2023-2025	703,017
Total minimum lease payments	2,711,637
Less amount representing interest	(768,725)
Present value on net minimum lease payments	<u>\$ 1,942,912</u>

On May 3, 2011, the City entered into a capital lease agreement with Municipal Finance Corporation. The lease proceeds were used to buy four pieces of equipment for public works (25%), streets (25%), water fund (25%), and sewer fund (25%). The amount of the lease was \$305,660 and accrues interest at 3.68%. The lease is secured by the investments in the acquisition fund. Quarterly lease payments are due each year commencing September 2011. Future minimum lease payments are as follows:

Fiscal Year Ending June 30	Amount
2013	\$ 67,208
2014	67,208
2015	67,208
2016	67,209
Total minimum lease payments	268,833
Less amount representing interest	(19,911)
Present value on net minimum lease payments	<u>\$ 248,922</u>

CITY OF GREENFIELD

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2012

NOTE 6 – LONG-TERM DEBT (Continued)

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.

The future minimum payment obligation for the Water Expansion Project loan agreement at June 30, 2012, is as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2013	\$ 83,504	\$ 96,497	\$ 180,001
2014	86,134	93,825	179,959
2015	88,847	91,609	180,456
2016	91,646	88,227	179,873
2017	94,533	85,295	179,828
2018-2022	519,253	379,152	898,405
2023-2027	606,352	290,680	897,032
2028-2032	708,062	187,368	895,430
2033-2037	826,830	66,189	893,019
	<u>\$ 3,105,161</u>	<u>\$ 1,378,842</u>	<u>\$ 4,484,003</u>

The future minimum payment obligation for the Wastewater Plant Expansion loan agreement at June 30, 2012, is as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
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	65,339	58,954	124,293
2018-2022	358,898	262,064	620,962
2023-2027	419,099	200,913	620,012
2028-2032	489,400	129,506	618,906
2033-2037	571,490	46,121	617,611
	<u>\$ 2,146,230</u>	<u>\$ 953,031</u>	<u>\$ 3,099,261</u>

G. Loan Payable

On July 1, 2009, the City agreed to repay the Greenfield Redevelopment Agency in the amount of \$900,000 for costs incurred to construct and furnish a new police facility as a component of the Civic Center Project with proceeds from the future sale of the existing police facility.

CITY OF GREENFIELD

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2012

NOTE 6 – LONG-TERM DEBT (Continued)

H. 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, 2012, total \$289,159 for governmental activities.

NOTE 7 – CHANGES IN LONG-TERM LIABILITIES

The following is a summary of long-term liability activities for the fiscal year ended June 30, 2012:

	Balance July 1, 2011	Additions	Deletions	Transfers due to dissolution of RDA	Balance June 30, 2012	Due Within One Year
Governmental activities:						
2002 Tax Allocation Bonds	\$ 1,480,000	\$ -	\$ -	\$ (1,480,000)	\$ -	\$ -
2006 Tax Allocation Bonds	24,385,000		575,000	(23,810,000)		
Bond premium	367,355		8,086	(359,269)		
2005 CalHFA	500,000				500,000	
2009 CalHFA	500,000				500,000	
Capital lease payable	2,040,921	152,830	126,378		2,067,373	132,498
Loan payable				900,000	900,000	
Compensated absences	343,172	157,578	211,591		289,159	
Total	\$ 29,616,448	\$ 310,408	\$ 921,055	\$ (24,749,269)	\$ 4,256,532	\$ 132,498

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012	Due Within One Year
Business-type activities:					
CIEDB water loan	\$ 3,186,115	\$ -	\$ 80,954	\$ 3,105,161	\$ 83,504
CIEDB sewer loan	2,202,184		55,954	2,146,230	57,716
Capital lease payable		152,830	28,369	124,461	29,427
Total	\$ 5,388,299	\$ 152,830	\$ 165,277	\$ 5,375,852	\$ 170,647

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.

CITY OF GREENFIELD
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2012

NOTE 8 – INTERFUND TRANSACTIONS (Continued)

Due From/To Other Funds

Individual fund interfund receivable and payable balances at June 30, 2012, are as follows:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
Nonmajor Governmental Funds:		
Gas Tax Fund	\$ 55,412	\$ -
Local Transportation Fund		55,412
	<u>55,412</u>	<u>55,412</u>
Total	<u>\$ 55,412</u>	<u>\$ 55,412</u>

Advances Receivable and Payable

Advances receivable and payable constitute long-term borrowing between funds. Individual advance receivable and payable balances at June 30, 2012, are as follows:

<u>Fund</u>	<u>Advance Receivable</u>	<u>Advance Payable</u>
Major Governmental Funds:		
General Fund	\$ 2,900,000	\$ -
Nonmajor Governmental Funds:		
Police Impact Fees		500,000
General Facilities Impact Fees		2,400,000
		<u>2,400,000</u>
Totals	<u>\$ 2,900,000</u>	<u>\$ 2,900,000</u>

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 2011-2012 fiscal year, are as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Major Governmental Funds:		
General Fund	\$ 591,871	\$ -
Housing Fund		112,587
Redevelopment Agency Capital Projects Fund	1,980,922	
Redevelopment Agency Debt Service Fund	193,315	
Nonmajor Governmental Funds:		
Gas Tax Fund		69,720
Local Transportation Fund	5,020	
Redevelopment Agency Fund	157,959	
Redevelopment Agency Low-Moderate Fund		2,308,209
Lexington Square Assessment Fund		16,400
Terra Verde Assessment Fund		42,500
Proprietary Funds:		
Water Fund		165,700
Sewer Fund		235,100
Transit Fund	21,129	
	<u>\$ 2,950,216</u>	<u>\$ 2,950,216</u>

CITY OF GREENFIELD

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2012

NOTE 9 – CITY EMPLOYEES' RETIREMENT PLAN

Plan 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 2010/2012 was 10.493% for miscellaneous employees, and 26.806% 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, 2012, 2011, and 2010, were \$445,473, \$397,968, and \$418,107, respectively, and equal 100% of the required contributions for each fiscal year.

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.

CITY OF GREENFIELD

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2012

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.

NOTE 13 – SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 ("the Bill") that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Greenfield that previously had reported a redevelopment agency within the reporting entity of the City as a blended component.

The Bill provides that upon the dissolution of a redevelopment agency, either the city or another unit of local government will agree to serve as the "successor agency" to hold the assets until they are distributed to other units of state and local government. On January 3, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City resolution number 12-01.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments.)

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations or the prior redevelopment agency have been paid in full and all assets have liquidated.

The Bill directs the State Controller to 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 in not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order available assets be transferred to the public body designated as the successor agency by the Bill.

Management believes, in consultation with legal counsel, that the obligations of the former redevelopment agency due to the City are valid enforceable obligations payable by the successor agency trust under the requirements of the Bill. The City's position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City.

In accordance with the timeline set for the in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased as a legal entity as of February 1, 2012.

Prior to that date, the final seven months of the activity of the redevelopment agency contained to be reported in the governmental funds of the City. After the date of dissolution, the assets and activities of the dissolved redevelopment agency are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

CITY OF GREENFIELD

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2012

NOTE 13 – SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY (Continued)

The transfer of assets and liabilities of the former redevelopment agency as of February 1, 2012 (effectively the same date as January 31, 2012) from governmental funds of the City to fiduciary funds was reported in the governmental funds as an extraordinary loss (or gain) in the governmental fund financial statements. This receipt of these assets and liabilities as January 31, 2012 was reported in the private-purpose trust fund as an extraordinary gain (or loss).

Because of the difference measurement focus of the governmental funds (*current financial resources measurement focus*) and the measurement focus of the trust funds (*economic resources measurement focus*), the extraordinary loss (gain) recognized in the governmental funds was not the same amount as the extraordinary gain (loss) that was recognized in the fiduciary fund financial statements.

The difference between the extraordinary loss recognized in the fund financial statements and the extraordinary gain recognized in the fiduciary fund financial statements is reconciled as follows:

Total extraordinary loss reported in governmental funds-	
Increase to net assets of the Successor Agency Trust Fund	\$ 11,521,195
Capital assets recorded in the government-wide financial statements-	
Increase to net assets of the Successor Agency Trust Fund	852,438
Advances receivable reported in the governmental fund financial statements-	
Increase to net assets of the Successor Agency Trust Fund	900,000
Debt issuance costs reported in the government-wide financial statements-	
Increase to net assets of the Successor Agency Trust Fund	808,272
Accrued interest payable reported in the government-wide financial statements-	
Decrease to net assets of the Successor Agency Trust Fund	(571,051)
Deferred revenue reported in the governmental fund financial statements-	
Increase to net assets of the Successor Agency Trust Fund	12,900
Long-term debt reported in the government-wide financial statements-	
Decrease to net assets of the Successor Agency Trust Fund	<u>(25,649,269)</u>
Net decrease to net assets of the Successor Agency Trust Fund as a result of initial transfers (equal to the amount of extraordinary gain reported in the government-wide financial statements of the City)	<u>\$ (12,125,515)</u>

CITY OF GREENFIELD

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2012

NOTE 14 – SUCCESSOR AGENCY

Capital Assets

	Balance July, 1 2011	Additions	Deletions	Transferred from RDA	Balance June 30, 2012
Agency					
Nondepreciable capital assets:					
Land	\$ -	\$ -	\$ -	\$ 850,939	\$ 850,939
Total nondepreciable capital assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 850,939</u>	<u>\$ 850,939</u>
Depreciable capital assets:					
Property and equipment	\$ -	\$ -	\$ -	\$ 29,727	\$ 29,727
Total depreciable capital assets				29,727	29,727
Less accumulated depreciation		1,499		28,228	29,727
Net depreciable capital assets	<u>\$ -</u>	<u>\$ (1,499)</u>	<u>\$ -</u>	<u>\$ 1,499</u>	<u>\$ -</u>
Net capital assets	<u>\$ -</u>	<u>\$ (1,499)</u>	<u>\$ -</u>	<u>\$ 852,438</u>	<u>\$ 850,939</u>

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, 2012, the principal balance outstanding was \$1,445,000.

The future minimum payment obligation for the bonds payable at June 30, 2012, is as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
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	45,000	76,418	121,418
2018-2022	265,000	344,166	609,166
2023-2027	360,000	275,700	635,700
2028-2032	615,000	161,700	776,700
	<u>\$ 1,445,000</u>	<u>\$ 1,185,155</u>	<u>\$ 2,630,155</u>

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 \$575,000 at a discounted amount of \$390,544. The resulting gain of \$184,456 is shown as a special item within the financial statements. As of June 30, 2012, the principal balance outstanding was \$23,460,000.

CITY OF GREENFIELD

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2012

NOTE 14 – SUCCESSOR AGENCY (Continued)

The future minimum payment obligation for the bonds payable at June 30, 2012, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2013	\$ 500,000	\$ 1,041,434	\$ 1,541,434
2014	670,000	1,021,434	1,691,434
2015	585,000	994,634	1,579,634
2016	740,000	971,234	1,711,234
2017	770,000	937,934	1,707,934
2018-2022	3,600,000	4,319,956	7,919,956
2023-2027	3,985,000	3,487,315	7,472,315
2028-2032	4,600,000	2,469,288	7,069,288
2033-2037	8,010,000	1,127,413	9,137,413
	<u>\$ 23,460,000</u>	<u>\$ 16,370,642</u>	<u>\$ 39,830,642</u>

Changes in Long-Term Liabilities

Long term liability activity for the fiscal year ended June 30, 2012, was as follows:

	Balance July 1, 2011	Additions	Deletions	Transfer From RDA	Balance June 30, 2012	Due Within One Year
2002 Tax Allocation Bonds	\$ -	\$ -	\$ 35,000	\$ 1,480,000	\$ 1,445,000	\$ 40,000
2006 Tax Allocation Bonds			350,000	23,810,000	23,460,000	500,000
Bond premium			5,776	359,269	353,493	13,862
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 390,776</u>	<u>\$ 25,649,269</u>	<u>\$ 25,258,493</u>	<u>\$ 553,862</u>

NOTE 15 – PRIOR PERIOD ADJUSTMENT

Prior period adjustments were made to the governmental funds for unrecorded interfund long term receivables and payables.

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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes and assessments	\$ 2,675,700	\$ 2,675,700	\$ 2,760,212	\$ 84,512
Licenses and permits	52,000	52,000	201,449	149,449
Fines and penalties	85,000	85,000	77,063	(7,937)
Use of money and property	43,000	43,000	21,096	(21,904)
Intergovernmental revenues	209,000	209,000	190,320	(18,680)
Charges for services	551,600	551,600	621,122	69,522
Other revenues	36,300	36,300	46,767	10,467
Total revenues	<u>3,652,600</u>	<u>3,652,600</u>	<u>3,918,029</u>	<u>265,429</u>
EXPENDITURES				
Current:				
General government	996,100	1,339,300	1,373,729	(34,429)
Public works	253,500	281,300	368,829	(87,529)
Building and planning	127,100	127,100	104,654	22,446
Parks and recreation	79,000	169,900	141,456	28,444
Public safety	2,683,400	2,683,400	2,661,757	21,643
Capital outlay		99,000	37,803	61,197
Debt service:				
Principal	155,100	155,100	112,194	42,906
Interest	112,900	112,900	105,075	7,825
Total expenditures	<u>4,407,100</u>	<u>4,968,000</u>	<u>4,905,497</u>	<u>62,503</u>
Excess of revenues over (under) expenditures	<u>(754,500)</u>	<u>(1,315,400)</u>	<u>(987,468)</u>	<u>327,932</u>
OTHER FINANCING SOURCES				
Proceeds from capital lease			76,415	76,415
Transfers out	675,600	675,600	591,871	(83,729)
Total other financing sources	<u>675,600</u>	<u>675,600</u>	<u>668,286</u>	<u>(7,314)</u>
Revenues and other financing sources over (under) expenditures	<u>(78,900)</u>	<u>(639,800)</u>	<u>(319,182)</u>	<u>320,618</u>
EXTRAORDINARY ITEM				
Extraordinary item - gain (loss) on dissolution of the redevelopment agency			900,000	900,000
Net change in fund balance	<u>(78,900)</u>	<u>(639,800)</u>	<u>580,818</u>	<u>1,220,618</u>
Fund balance, beginning of fiscal year	2,187,428	2,187,428	2,187,428	
Prior period adjustment			2,000,000	2,000,000
Fund balance, beginning of fiscal year restated	<u>2,187,428</u>	<u>2,187,428</u>	<u>4,187,428</u>	<u>2,000,000</u>
Fund balance, end of fiscal year	<u>\$ 2,108,528</u>	<u>\$ 1,547,628</u>	<u>\$ 4,768,246</u>	<u>\$ 3,220,618</u>

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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Use of money and property	\$ -	\$ -	\$ 48	\$ 48
Other revenues			1,059	1,059
Total revenues			1,107	1,107
EXPENDITURES				
Current:				
Community development				
Total expenditures				
Excess of revenues over (under) expenditures			1,107	1,107
Fund balance, beginning of fiscal year	19,935	19,935	19,935	
Fund balance, end of fiscal year	\$ 19,935	\$ 19,935	\$ 21,042	\$ 1,107

CITY OF GREENFIELD

HOUSING FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Use of money and property	\$ -	\$ -	\$ 168	\$ 168
Other revenues			4,619	4,619
Total revenues			4,787	4,787
EXPENDITURES				
Current:				
Community development				
Total expenditures				
Excess of revenues over expenditures			4,787	4,787
OTHER FINANCING SOURCES				
Transfers out			(112,587)	(112,587)
Total other financing uses			(112,587)	(112,587)
Revenues over (under) expenditures and other financing uses			(107,800)	(107,800)
Fund balance, beginning of fiscal year				
Fund balance, end of fiscal year	\$ -	\$ -	\$ (107,800)	\$ (107,800)

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SUPPLEMENTAL INFORMATION SECTION

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CITY OF GREENFIELD
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
 June 30, 2012

	Supplemental Law Enforcement Service	Gas Tax	Local Transportation	Greenfield Science Workshop
ASSETS				
Cash and investments	\$ 29,027	\$ 382,535	\$ -	\$ 143,857
Accounts receivable	25,000	50,589	165,437	
Interest receivable		336		
Due from other funds		55,412		
Total assets	<u>\$ 54,027</u>	<u>\$ 488,872</u>	<u>\$ 165,437</u>	<u>\$ 143,857</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 6,648	\$ 11,787	\$ 12,284	\$ 686
Accrued payroll		9,462		2,041
Due to other funds			55,412	
Advances payable				
Total liabilities	<u>6,648</u>	<u>21,249</u>	<u>67,696</u>	<u>2,727</u>
Fund Balances				
Restricted	47,379	467,623	97,741	141,130
Unassigned				
Total fund balances	<u>47,379</u>	<u>467,623</u>	<u>97,741</u>	<u>141,130</u>
Total liabilities and fund balances	<u>\$ 54,027</u>	<u>\$ 488,872</u>	<u>\$ 165,437</u>	<u>\$ 143,857</u>

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>
\$ 2,116,881	\$ 829,465	\$ 17,589	\$ 958,176	\$ 2,229,019	\$ 108,201
1,846	641		854	2,006	92
<u>\$ 2,118,727</u>	<u>\$ 830,106</u>	<u>\$ 17,589</u>	<u>\$ 959,030</u>	<u>\$ 2,231,025</u>	<u>\$ 108,293</u>
\$ 14,957	\$ -	\$ -	\$ -	\$ -	\$ -
		500,000			
<u>14,957</u>		<u>500,000</u>			
2,103,770	830,106	(482,411)	959,030	2,231,025	108,293
<u>2,103,770</u>	<u>830,106</u>	<u>(482,411)</u>	<u>959,030</u>	<u>2,231,025</u>	<u>108,293</u>
<u>\$ 2,118,727</u>	<u>\$ 830,106</u>	<u>\$ 17,589</u>	<u>\$ 959,030</u>	<u>\$ 2,231,025</u>	<u>\$ 108,293</u>

Continued

CITY OF GREENFIELD
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2012

Special Revenue Funds

	<u>General Facilities Impact Fees</u>	<u>Redevelopment Agency</u>	<u>Redevelopment Agency Low- Moderate</u>	<u>Lexington Square Assessment</u>
ASSETS				
Cash and investments	\$ 13,518	\$ -	\$ -	\$ 358,303
Accounts receivable				2,356
Interest receivable				298
Due from other funds				
	<u>13,518</u>	<u>-</u>	<u>-</u>	<u>360,957</u>
Total assets	<u>\$ 13,518</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 360,957</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ 4,846
Accrued payroll				113
Deferred revenue				
Advances payable	<u>2,400,000</u>			
Total liabilities	<u>2,400,000</u>			<u>4,959</u>
Fund Balances				
Restricted				355,998
Unassigned	<u>(2,386,482)</u>			
Total fund balances	<u>(2,386,482)</u>			<u>355,998</u>
Total liabilities and fund balances	<u>\$ 13,518</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 360,957</u>

<u>Terra Verde Assessment</u>	<u>SMD #1</u>	<u>Totals</u>
\$ 624,288	\$ 436,298	\$ 8,247,157
1,334	126	244,842
587	374	7,034
		55,412
<u>\$ 626,209</u>	<u>\$ 436,798</u>	<u>\$ 8,554,445</u>
\$ 16,321	\$ -	\$ 67,529
270	152	12,038
		55,412
		2,900,000
<u>16,591</u>	<u>152</u>	<u>3,034,979</u>
609,618	436,646	8,388,359
		(2,868,893)
<u>609,618</u>	<u>436,646</u>	<u>5,519,466</u>
<u>\$ 626,209</u>	<u>\$ 436,798</u>	<u>\$ 8,554,445</u>

CITY OF GREENFIELD

NONMAJOR GOVERNMENTAL FUNDS

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

For the Fiscal Year Ended June 30, 2012

	Supplemental Law Enforcement Service	Gas Tax	Local Transportation	Greenfield Science Workshop
REVENUES				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Use of money and property	30	1,222		171
Intergovernmental revenues	100,000	484,539	97,681	
Charges for services				179,900
Other revenues		7		
Total revenues	100,030	485,768	97,681	180,071
EXPENDITURES				
Current:				
General government				38,941
Public works				
Building and planning				
Community development				
Public safety	63,834			
Streets and roads		315,727	5,020	
Capital outlay		20,378	116,504	
Debt service:				
Principal		14,184		
Interest		2,616		
Total expenditures	63,834	352,905	121,524	38,941
Excess of revenues over (under) expenditures	36,196	132,863	(23,843)	141,130
OTHER FINANCING SOURCES (USES)				
Proceeds from capital lease		76,415		
Transfers in			5,020	
Transfers out		(69,720)		
Total other financing sources (uses)		6,695	5,020	
Net change in fund balances	36,196	139,558	(18,823)	141,130
Fund balances, beginning of fiscal year	11,183	328,065	116,564	
Prior period adjustment				
Fund balances, beginning of fiscal year restated	11,183	328,065	116,564	
Fund balances, end of fiscal year	\$ 47,379	\$ 467,623	\$ 97,741	\$ 141,130

Special Revenue Funds

Traffic Impact Fees	Park Impact Fees	Police Impact Fees	Sewer Impact Fees	Water Impact Fees	Community Center Impact Fees
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6,548	4,702	18	3,020	7,418	344
398,363	222,036	16,365	169,481	144,460	3,495
<u>404,911</u>	<u>226,738</u>	<u>16,383</u>	<u>172,501</u>	<u>151,878</u>	<u>3,839</u>
14,238	13,337				
	32,599				
<u>14,238</u>	<u>45,936</u>				
<u>390,673</u>	<u>180,802</u>	<u>16,383</u>	<u>172,501</u>	<u>151,878</u>	<u>3,839</u>
390,673	180,802	16,383	172,501	151,878	3,839
1,713,097	649,304	1,206	786,529	2,079,147	104,454
		(500,000)			
<u>1,713,097</u>	<u>649,304</u>	<u>(498,794)</u>	<u>786,529</u>	<u>2,079,147</u>	<u>104,454</u>
<u>\$ 2,103,770</u>	<u>\$ 830,106</u>	<u>\$ (482,411)</u>	<u>\$ 959,030</u>	<u>\$ 2,231,025</u>	<u>\$ 108,293</u>

CITY OF GREENFIELD

NONMAJOR GOVERNMENTAL FUNDS

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

For the Fiscal Year Ended June 30, 2012

	Special Revenue Funds			
	General Facilities Impact Fees	Redevelopment Agency	Redevelopment Agency Low- Moderate	Lexington Square Assessment
REVENUES				
Taxes and assessments	\$ -	\$ -	\$ 198,870	\$ 162,805
Use of money and property		245	3,446	1,032
Intergovernmental revenues				
Charges for services	12,688		5,671	
Other revenues		1,455		
Total revenues	<u>12,688</u>	<u>1,700</u>	<u>207,987</u>	<u>163,837</u>
EXPENDITURES				
Current:				
General government				
Public works				78,976
Building and planning				
Community development		159,659	23,263	
Public safety				
Streets and roads				
Capital outlay				
Debt service:				
Principal				
Interest				
Total expenditures		<u>159,659</u>	<u>23,263</u>	<u>78,976</u>
Excess of revenues over (under) expenditures	<u>12,688</u>	<u>(157,959)</u>	<u>184,724</u>	<u>84,861</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from capital lease				
Transfers in		157,959		
Transfers out			(2,308,209)	(16,400)
Total other financing sources (uses)		<u>157,959</u>	<u>(2,308,209)</u>	<u>(16,400)</u>
Net change in fund balances	<u>12,688</u>		<u>(2,123,485)</u>	<u>68,461</u>
Fund balances, beginning of fiscal year	830		2,123,485	287,537
Prior period adjustment	(2,400,000)			
Fund balances, beginning of fiscal year restated	<u>(2,399,170)</u>		<u>2,123,485</u>	<u>287,537</u>
Fund balances, end of fiscal year	<u>\$ (2,386,482)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 355,998</u>

<u>Terra Verde Assessment</u>	<u>SMD #1</u>	<u>Totals</u>
\$ 270,207	\$ 26,651	\$ 658,533
2,025	1,429	31,650
		682,220
		1,146,788
	210	7,343
<u>272,232</u>	<u>28,290</u>	<u>2,526,534</u>
		38,941
204,685	5,154	316,390
		182,922
		63,834
		320,747
		169,481
		14,184
		2,616
<u>204,685</u>	<u>5,154</u>	<u>1,109,115</u>
<u>67,547</u>	<u>23,136</u>	<u>1,417,419</u>
		76,415
(42,500)		162,979
		(2,436,829)
<u>(42,500)</u>		<u>(2,197,435)</u>
<u>25,047</u>	<u>23,136</u>	<u>(780,016)</u>
584,571	413,510	9,199,482
		(2,900,000)
<u>584,571</u>	<u>413,510</u>	<u>6,299,482</u>
<u>\$ 609,618</u>	<u>\$ 436,646</u>	<u>\$ 5,519,466</u>

CITY OF GREENFIELD

COMBINING STATEMENT OF FIDUCIARY NET ASSETS

PRIVATE PURPOSE TRUST FUNDS

June 30, 2012

	RDA Successor Agency Admin	RDA Successor Agency Capital Projects	RDA Successor Agency Debt Service	Total
Assets				
Cash and investments	\$ 8,401	\$ 5,784,046	\$ 3,030,451	\$ 8,822,898
Interest receivable		1,953		1,953
Note receivable	12,535			12,535
Due from City of Greenfield		900,000	107,800	1,007,800
Land held for resale		1,182,000		1,182,000
Debt issuance costs-net of accumulated amortization			794,846	794,846
Capital assets, net				
Non-depreciable		850,939		850,939
Total assets	<u>20,936</u>	<u>8,718,938</u>	<u>3,933,097</u>	<u>12,672,971</u>
Liabilities				
Accounts payable	8,401	283,793		292,194
Accrued interest payable			469,313	469,313
Noncurrent liabilities:				
Due within one year			533,862	533,862
Due in more than one year			24,724,631	24,724,631
Total liabilities	<u>8,401</u>	<u>283,793</u>	<u>25,727,806</u>	<u>26,020,000</u>
Net Assets				
Held in trust	<u>\$ 12,535</u>	<u>\$ 8,435,145</u>	<u>\$ (21,794,709)</u>	<u>\$ (13,347,029)</u>

CITY OF GREENFIELD

COMBINING STATEMENT OF FIDUCIARY NET ASSETS

PRIVATE PURPOSE TRUST FUNDS

For the Fiscal Year Ended June 30, 2012

	RDA Successor Agency Admin	RDA Successor Agency Capital Projects	RDA Successor Agency Debt Service	Total
Additions:				
Taxes	\$ -	\$ -	\$ 708,516	\$ 708,516
Investment earnings	170	4,849	(1,241)	3,778
Other	665			665
Total additions	<u>835</u>	<u>4,849</u>	<u>707,275</u>	<u>712,959</u>
Deductions:				
Community development	58,570	894,904	9,352	962,826
Capital outlay		493,185		493,185
Amortization			13,426	13,426
Depreciation expense			1,499	1,499
Interest expense			463,537	463,537
Total deductions	<u>58,570</u>	<u>1,388,089</u>	<u>487,814</u>	<u>1,934,473</u>
Increase (decrease) before transfers and extraordinary items	(57,735)	(1,383,240)	219,461	(1,221,514)
Transfers	57,370		(57,370)	
Extraordinary Items:				
Net assets received upon dissolution of redevelopment agency	12,900	9,818,385	(21,956,800)	(12,125,515)
Change in net assets	12,535	8,435,145	(21,794,709)	(13,347,029)
Total net assets-beginning	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total net assets-ending	<u>\$ 12,535</u>	<u>\$ 8,435,145</u>	<u>\$ (21,794,709)</u>	<u>\$ (13,347,029)</u>

