



The following document was not prepared by the Office of the State Auditor, but was prepared by and submitted to the Office of the State Auditor by a private CPA firm. The document was placed on this web page as it was submitted. The Office of the State Auditor assumes no responsibility for its content or for any errors located in the document. Any questions of accuracy or authenticity concerning this document should be submitted to the CPA firm that prepared the document. The name and address of the CPA firm appears in the document.



CITY OF GREENWOOD

OFFICE: 662-453-2246
FAX: 662-451-9075

July 22, 2015

Office of the State Auditor
Attn: Janice Dendy
P. O. Box 956
Jackson, MS 39211

Dear Sir or Madam:

Accompanying this letter are two hard copies of the annual audit of the City of Greenwood, Mississippi, for the fiscal year ended September 30, 2014. A separate management letter was not written to the city in connection with this audit.

If there are questions, please contact Nick Joseph, Jr. at 662-453-2246 or P. O. Box 907, Greenwood, Ms 38935-0907.

Sincerely,

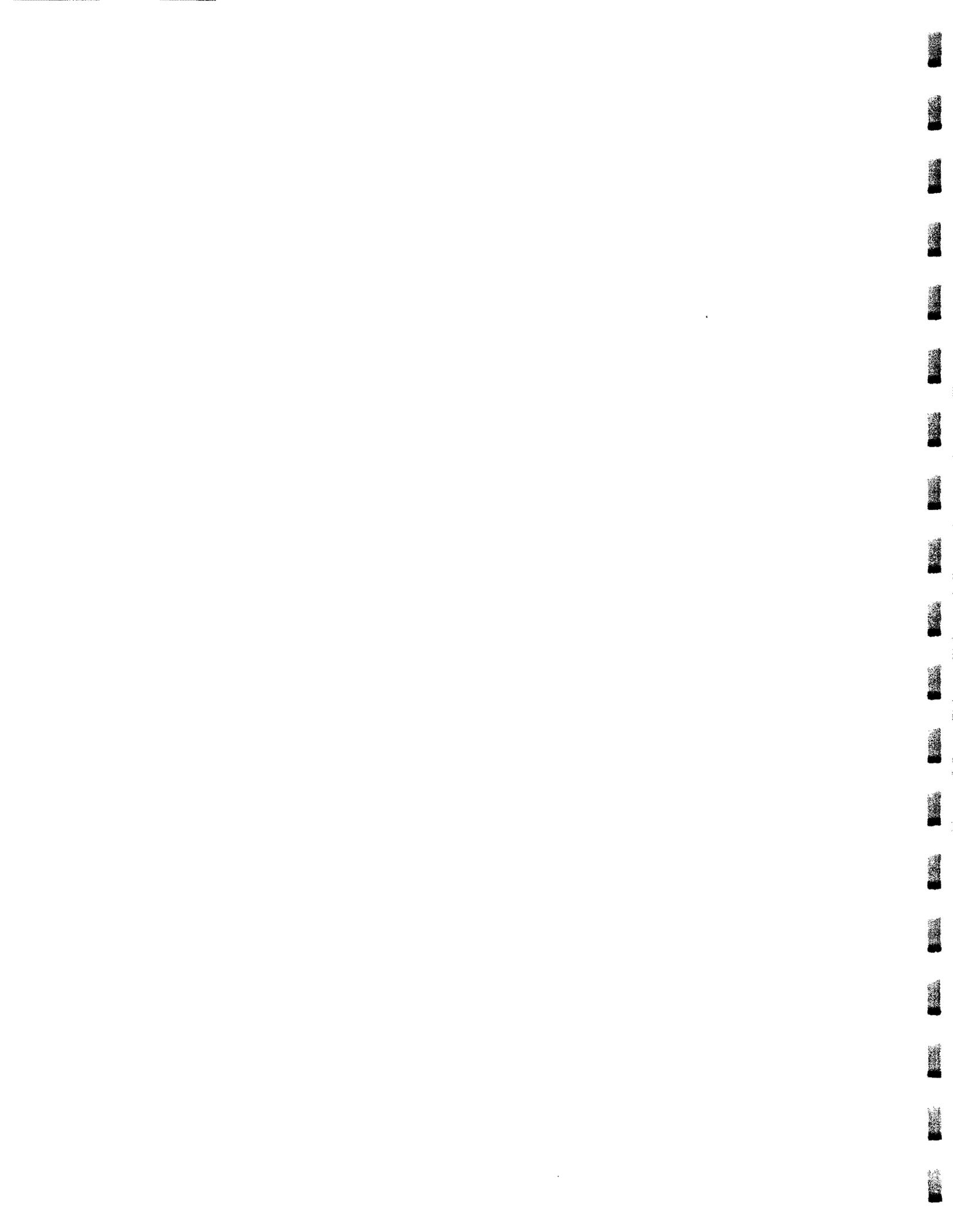
Nick Joseph, Jr., CPA
City Clerk



CITY OF GREENWOOD, MISSISSIPPI
 Financial Statements
 For the Year Ended September 30, 2014

FINANCIAL SECTION	<u>PAGES</u>
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-13
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	14
Statement of Activities	15-16
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	17
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	18
Statement of Revenues, Expenditures and Changes in Fund Balances	19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	20
Budget and Actual (with Variances) - General Fund Note A to Budgetary Comparison Schedule	21-22 23
Proprietary Funds:	
Statement of Net Position	24
Statement of Revenues, Expenses and Changes in Fund Net Position	25
Statement of Cash Flows	26-27
Fiduciary Funds:	
Statement of Fiduciary Net Position	28
Notes to Financial Statements	29-75
 SUPPLEMENTAL INFORMATION	
Schedule of Surety Bonds for Municipal Officials	76

2014 10 17

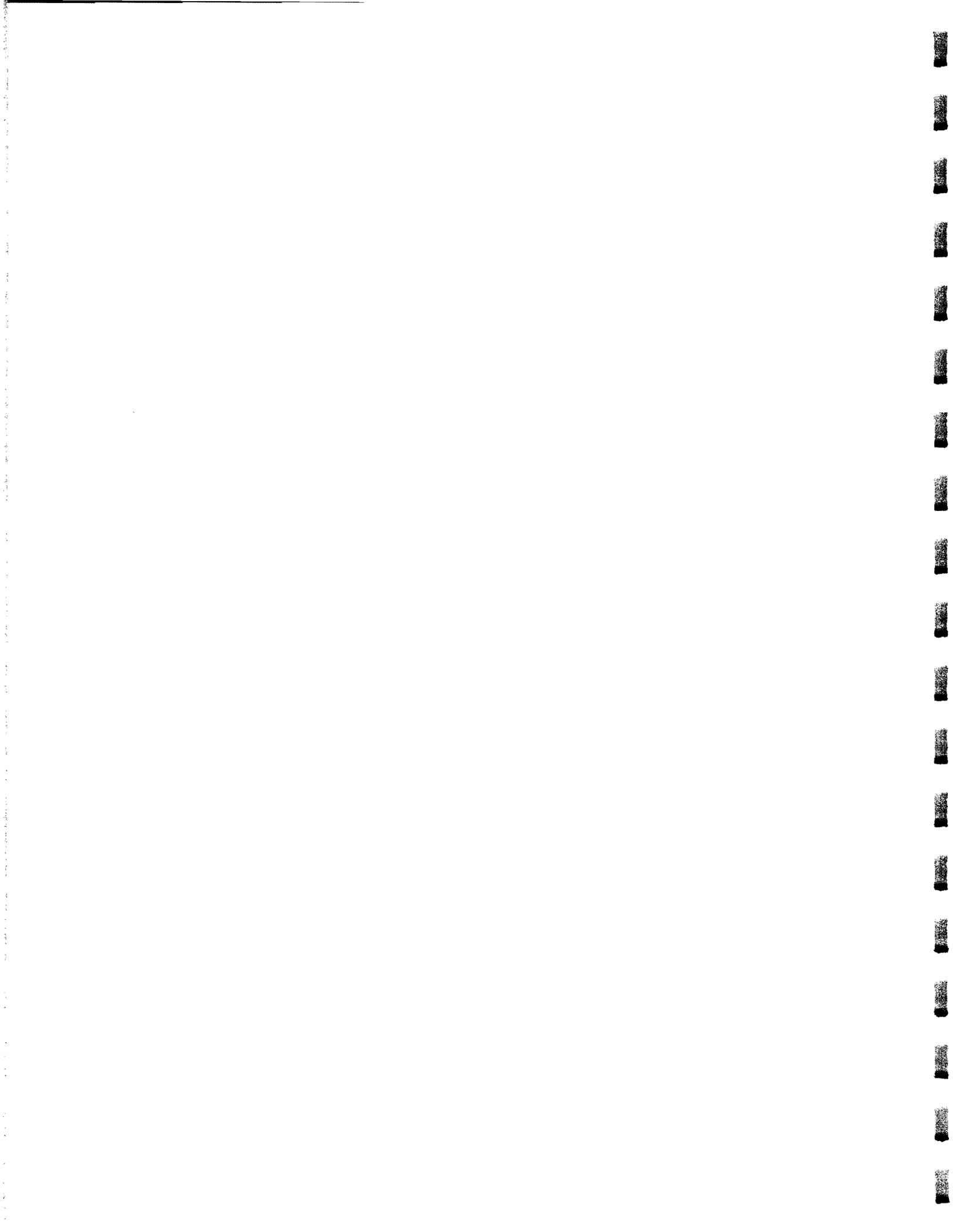


CITY OF GREENWOOD, MISSISSIPPI
Financial Statements
For the Year Ended September 30, 2014

	<u>PAGES</u>
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	77-78
Independent Auditor's Report on Compliance with State Laws and Regulations	79
Summary Schedule of Prior Audit Findings	80
Schedule of Findings	81-82



FINANCIAL SECTION



Robert K. VanDevender, CPA
Lance Mohamed, CPA
Robert A. Hearn, CPA

W. Lee Mattox, CPA
William A. Adams, CPA
Gay G. Moss, CPA



Fred T. Neely, CPA
(1897-1967)
Billy Joe Killebrew, CPA
(1942-2010)
Ralph F. Neely, CPA
(1927 -)

INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Greenwood, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Greenwood, Mississippi (the City), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Greenwood-Leflore Public Library, which represent 58 percent, 58 percent, and 53 percent, respectively, of the assets, net position, and revenues of the discretely presented component units. We did not audit the financial statements of the Greenwood Utilities, which represent 53 percent, 78 percent, and 84 percent, respectively, of the assets, net position, and revenues of the business-type activities. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Greenwood-Leflore Public Library and Greenwood Utilities, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Greenwood Tourism Commission, shown in the discretely-presented component units column, were not audited in accordance with *Government Auditing Standards*.

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

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

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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America and the respective budgetary comparison for the General Fund.



Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3–13 and 21–23 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

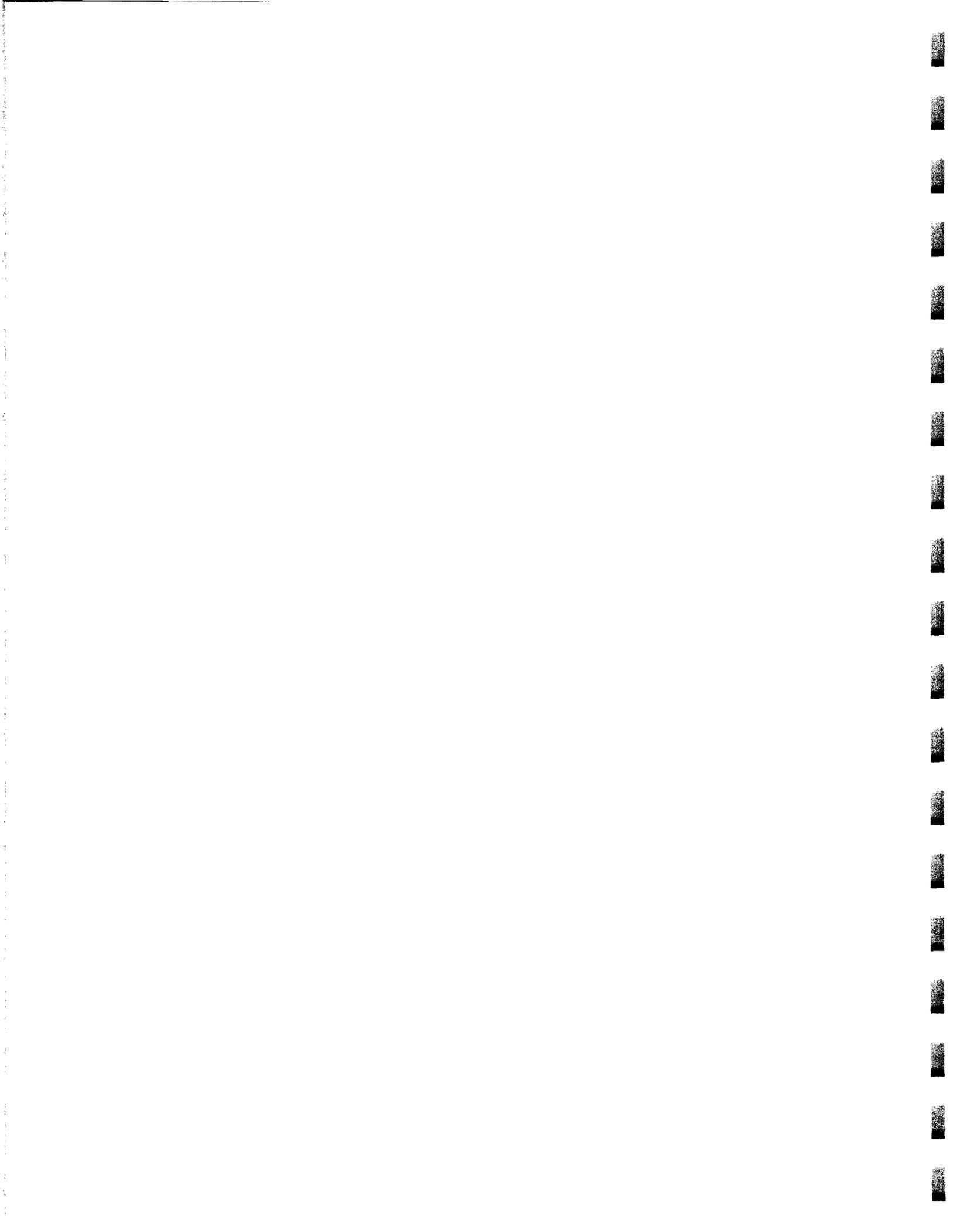
Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2015, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Fred T. Neely & Company, PLLC



Greenwood, Mississippi
June 22, 2015





CITY OF GREENWOOD

Management's Discussion and Analysis For the Year Ended September 30, 2014

The discussion and analysis of The City of Greenwood's (the City's) financial performance provides an overall review of the City's financial activities for the year ended September 30, 2014. The intent of this discussion and analysis is to look at the City's financial performance as a whole. Readers should also review the basic financial statements to enhance their understanding of the City's financial performance.

Financial Highlights:

Key financial highlights for 2014 were as follows:

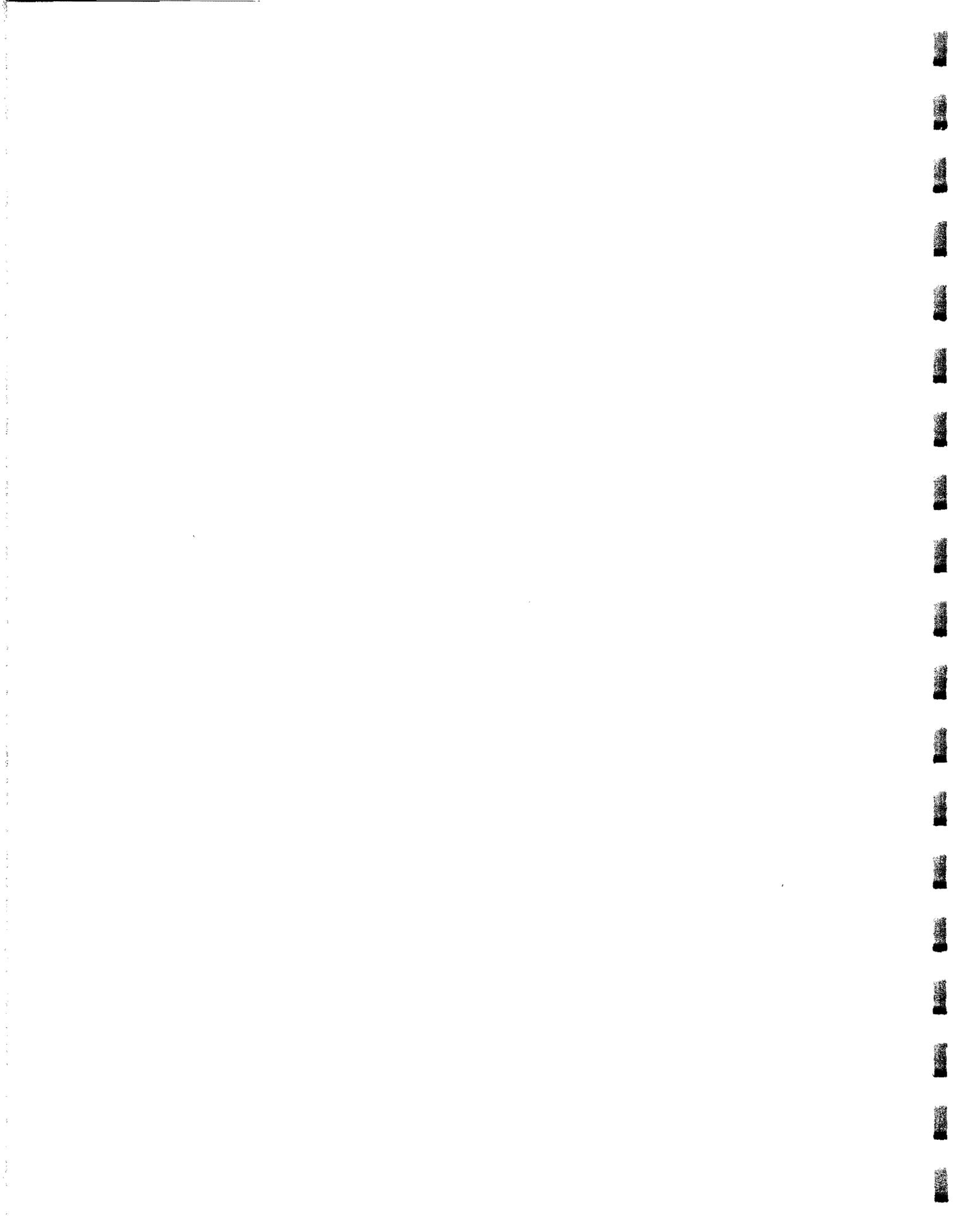
- The assets of the City of Greenwood exceeded its liabilities and deferred inflows at the close of the 2014 fiscal year by \$101,882,952. Of this amount, there is \$25,021,780 in *unrestricted net position* that can be used to meet the City's ongoing obligations to its citizens and creditors.
- The government's total net position increased by \$3,416,259.
- The total assets of governmental activities decreased by \$638,055.
- The City's governmental funds reported total ending fund balance of \$4,581,703 this year. This compares to the prior year ending fund balance of \$4,510,987 showing an increase of \$70,716. Approximately 63% of this total, \$2,880,799 is available for spending at the government's discretion.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2,880,799 or 26% of total General Fund expenditures including transfers and 26% of total General Fund revenues including transfers, sale of real estate and proceeds from capital leases.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The City also includes in this report additional information to supplement the basic financial statements.

Government-wide Financial Statements

The City's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the City's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting.



City of Greenwood Management's Discussion and Analysis

The first of these government-wide statements is the *Statement of Net Position*. This is the City-wide statement of financial position presenting information which includes all of the City's assets, deferred outflows and liabilities plus deferred inflows, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City as a whole is improving or deteriorating.

The second government-wide statement is the *Statement of Activities*, which reports how the City's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid.

Both government-wide financial statements distinguish governmental activities of the City that are principally supported by taxes and intergovernmental revenues, such as grants, from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety, public works, health and welfare, culture and recreation, interest on long-term debt, miscellaneous appropriations and industrial development. Business-type activities include sewer enterprise, solid waste enterprise and electric/water utilities. Fiduciary funds of which the city only has agency funds are reported in the fiduciary fund financial statement, but are excluded from government-wide reporting. Fiduciary fund financial statements report resources that are not available to fund City programs. Fiduciary fund financial statements report similarly to proprietary funds.

The government-wide financial statements include the City of Greenwood and Greenwood Utilities (a blended component unit) shown as the primary government and two organizations for which the City is accountable, the Tourism Commission and the Public Library, discretely presented component units. Financial information for the discretely presented component units are reported separately from the financial information presented for the primary government itself. Financial statements for these agencies can be obtained at the following addresses:

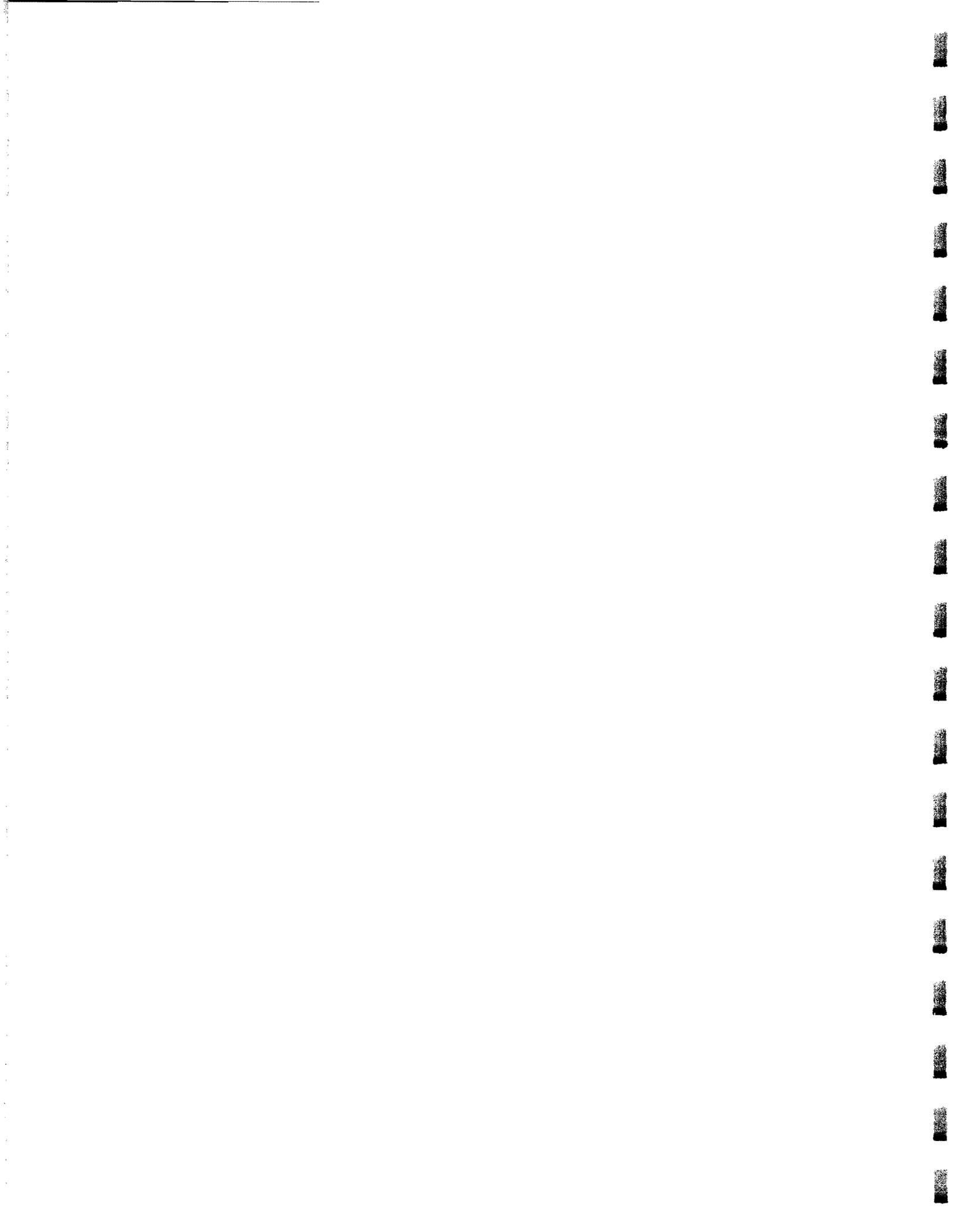
- Greenwood Tourism Commission, 111 East Market St., Greenwood, MS 38930
- Greenwood-Leflore Public Library, 405 West Washington St., Greenwood, MS 38930
- Greenwood Utilities, 101 Wright Place, Greenwood, MS 38930

The government-wide financial statements can be found on pages 14-16 of this report.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The City uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation.

The analysis of the City's major funds begins on page 17. Fund financial reports provide detailed information about the City's major funds. Based on restrictions on the use of monies, the City has established many funds, which account for the multitude of services provided to the City's residents. However, these fund financial statements focus on the City's most significant funds. In the case of the City of Greenwood, the City's major governmental fund is the General



City of Greenwood Management's Discussion and Analysis

Fund, and the major proprietary funds are the Sewage Enterprise Fund and Greenwood Utilities Fund.

Governmental Funds

All of the City's activities are reported in the governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future on services provided to the City's residents. The relationship between governmental activities and governmental funds is reconciled in the financial statements.

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

The City of Greenwood adopts an annual budget for all of its funds. Budgetary comparison statements have been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 17-23 of this report.

Proprietary Funds

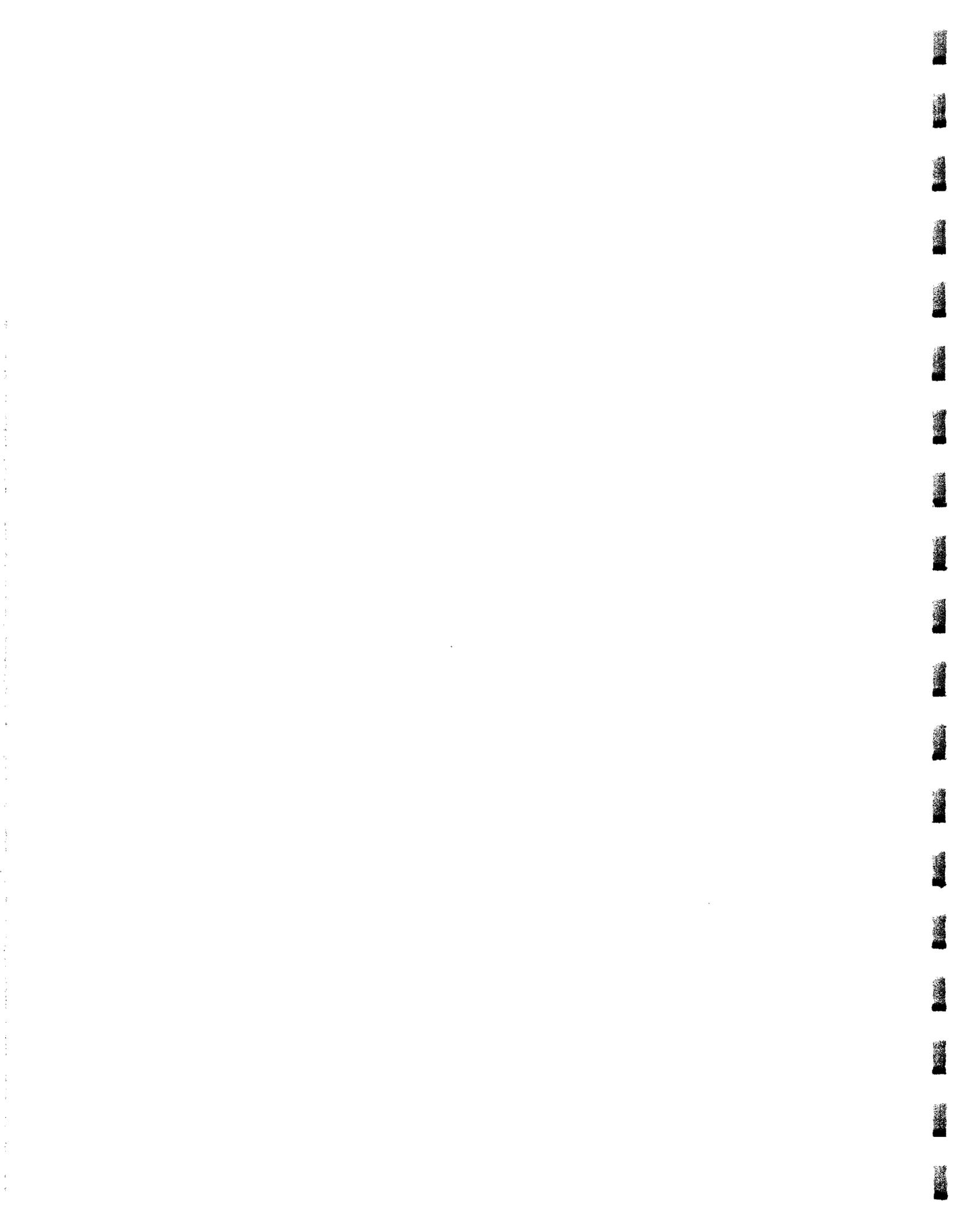
The City of Greenwood maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the Sewage and Solid Waste Enterprise Funds and the Greenwood Utilities Fund. The City uses an internal service fund to account for its Employee Benefit Trust Fund. Because these services predominantly benefit governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Sewage Enterprise Fund and the Greenwood Utilities Fund, which are considered to be major funds of the City of Greenwood.

The basic proprietary fund financial statements can be found on pages 24-27 of this report.

Notes to the Financial Statements

The accompanying notes to the financial statements provide 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 begin immediately following the basic financial statements. The notes to the financial statements can be found on pages 29-75 of this report.



**City of Greenwood
Management's Discussion and Analysis**

Financial Analysis of the City as a whole

You will note that the statement of net position looks at the City as a whole. Table 1 provides a summary of the City's net position for 2014 compared to 2013.

**Table 1
Net Position
(amounts expressed in thousands)**

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current & other assets	\$ 10,380	\$ 10,633	\$ 29,618	\$ 29,813	\$ 39,998	\$ 40,446
Capital assets, net	26,700	27,083	92,757	72,690	119,457	99,773
Total Assets	37,080	37,716	122,375	102,503	159,455	140,219
Current & other liabilities	526	829	8,199	11,337	8,725	12,166
Long-term liabilities						
Due within one year	879	881	982	693	1,861	1,574
Due in more than one year	5,463	6,039	36,603	16,193	42,066	22,232
Total Liabilities	6,868	7,749	45,784	28,223	52,652	35,972
Deferred inflows of resources	4,880	4,896	40	45	4,920	4,941
Net investment in capital assets	20,607	20,427	55,026	55,708	75,633	76,135
Restricted:						
Capital projects	13	-	-	-	13	-
Debt service	984	984	-	-	984	984
Community development projects	112	112	-	-	112	112
Other Purposes	119	181	-	-	119	181
Unrestricted	3,497	3,367	21,525	18,527	25,022	21,894
Total Net Position	\$ 25,332	\$ 25,071	\$ 76,551	\$ 74,235	\$ 101,883	\$ 99,306

At the end of the current fiscal year, the City of Greenwood was able to report positive balances in all three categories of net position, both for the City as a whole and for its separate governmental and business-type activities.

The largest portion of the City's net position (74%) reflects its investment in capital assets (e.g. land, buildings, machinery and equipment) less any related debt used to acquire those assets that is still outstanding. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to repay these liabilities. Total assets increased by \$19,233,771. Capital assets increased by \$19,681,866. Net position of the City's governmental activities increased by \$385,530. Unrestricted assets are sufficient to pay liabilities payable from unrestricted assets.



**City of Greenwood
Management's Discussion and Analysis**

Table 2 provides a summary of the Changes in Net Position government-wide for the year ended September 30, 2014, compared to the year ended September 30, 2013.

**Table 2
Changes in Net Position
(amounts expressed in thousands)**

	Governmental		Business-type		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues						
Charges for services	\$ 1,020	\$ 1,761	\$ 37,796	\$ 39,437	\$ 38,816	\$ 41,198
Operating grants & contributions	364	546	-	-	364	546
Capital grants & contributions	508	1,203	346	923	854	2,126
General revenues						
Property taxes	4,737	4,610	-	-	4,737	4,610
Sales taxes	4,450	4,419	-	-	4,450	4,419
Franchise taxes	311	285	-	-	311	285
Investment earnings	7	12	32	40	39	52
Gain(loss) on sale/retirement of fixed assets	-	(305)	(6)	(34)	(6)	(339)
Grants & contributions not restricted to specific programs	193	192	-	-	193	192
Total revenues	11,590	12,723	38,168	40,366	49,758	53,089
Expenses:						
General government	1,475	1,570	-	-	1,475	1,570
Public safety	7,418	7,590	-	-	7,418	7,590
Public works	2,188	2,352	-	-	2,188	2,352
Health, welfare & sanitation	17	196	-	-	17	196
Culture & recreation	464	471	-	-	464	471
Economic Development	96	194	-	-	96	194
Interest on long-term debt	224	261	-	-	224	261
Miscellaneous appropriations	620	590	-	-	620	590
Industrial development	-	-	-	-	-	-
Sewer	-	-	2,170	2,231	2,170	2,231
Solid waste	-	-	1,955	1,891	1,955	1,891
Unemployment Compensation	-	-	14	6	14	6
Electric/water	-	-	29,701	31,192	29,701	31,192
Total expenses	12,502	13,224	33,840	35,320	46,342	48,544
Increase (decrease) in net position before transfers	\$ (912)	\$ (501)	\$ 4,328	\$ 5,046	\$ 3,416	\$ 4,545
Transfers	1,298	1,850	(1,298)	(1,850)	-	-
Change in net position	386	1,349	3,030	3,196	3,416	4,545
Net position - October 1 (restated)	24,946	23,722	73,521	71,039	98,467	94,761
Net position - September 30	\$ 25,332	\$ 25,071	\$ 76,551	\$ 74,235	\$ 101,883	\$ 99,306

The decrease in net position before transfers for 2014 as compared to 2013 for governmental activities is primarily due to a decrease in grant funds received from the Surface Transportation Grant and the Mississippi Development Authority Infrastructure Grant. The increase in net position before transfers for 2014 as compared to 2013 for business-type activities is due primarily to an increase in sewer and electric utility rates, offset by a decrease in sales of generated power to the Municipal Energy Agency of Mississippi and electrical sales to customers by the Greenwood Utilities.



City of Greenwood Management's Discussion and Analysis

Governmental Activities

Several revenues sources fund our Governmental Activities. Under the accrual basis of accounting, sales taxes accounted for \$4,450,269 or 46% of general revenues less transfers and property taxes accounted for \$4,736,745 or 49% of general revenues less transfers.

Major expense activities, under the accrual basis of accounting, include public safety which accounted for 59% of total governmental activities expenses, public works accounted for 17% and general government accounted for 12%. The City of Greenwood is committed to providing the best services possible for its citizens.

Business-type Activities

User fees fund our business-type activities. User fees accounted for \$37,796,029 or 99% of gross revenues less transfers with investment earnings, grants and contributions accounting for the remaining 1% of gross revenues.

Major expense activities include electric/water accounting for 88% of total expenses, sewer accounting for 6% and solid waste accounting for 6%.

The City is committed to providing the basic services expected by the citizens of Greenwood.

The City's Funds

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

As of the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$4,581,703, a decrease of \$70,716 in comparison with the prior year. Approximately 63% of the City's governmental fund balance, \$2,880,799 constitutes unassigned fund balance that is available for spending at the City's discretion. Of the remaining fund balance, \$892 is restricted for public safety, \$188,994 is restricted for public works, \$16,460 for health & welfare, \$566,615 for economic development & assistance and \$408,882 is restricted for debt service. Assigned fund balances are: \$10,142 for culture & recreation, \$34,985 for public safety, \$341,021 for special projects and \$132,913 for economic development & assistance.

Information about the City's major governmental funds begins on page 17. These funds are accounted for using the modified accrual basis of accounting. Total governmental revenues were \$11,533,791 and total governmental expenditures were \$12,949,539. Total other financing sources for governmental funds were \$1,486,464.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$2,880,799 compared to \$2,723,023 in 2013. The General Fund's unassigned fund balance increased by \$157,776.



**City of Greenwood
Management's Discussion and Analysis**

General Fund Budgeting Highlights

The City's budgets are prepared according to Mississippi law and are based on accounting for transactions on a modified cash basis. The most significant budgeted fund is the General Fund.

During the course of 2014, the City amended its general fund budget as needed. Recommendations for a budget amendment originate with the department head, are approved by the Mayor and submitted to the City Clerk to be placed on the agenda for City Council approval. The City does not allow budget changes that modify line items within departments without Council approval. With the General Fund supporting many of our major activities such as police and fire protection, legislative and executive activities, public works and recreational activities, the General Fund is monitored closely looking for possible revenue shortfalls or overspending by individual departments. The General Fund's original budgeted revenues including transfers were \$11,614,083 and final budgeted revenues including transfers were \$11,659,398. Actual revenue collections including transfers were \$11,180,523 on the budgetary basis. There was no major factor contributing to the decrease in actual revenue compared to budgeted amounts. The General Fund's original budgeted operating expenditures including transfers were \$11,614,083 compared to the final budget amount of \$11,673,870. Actual expenditures including transfers were \$10,984,494 on the budgetary basis.

Capital Assets and General Long-Term Obligations

Capital Assets

**Table 3
Capital Assets (Net of Depreciation) at September 30, 2014
(amounts expressed in thousands)**

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 3,488	\$ 3,398	451	\$ 451	\$ 3,939	\$ 3,849
Infrastructure	16,243	14,415	15,321	15,609	31,564	30,024
Building & improvements	4,871	5,107	194	195	5,065	5,302
Mobile equipment	1,444	1,745	560	1,330	2,004	3,075
Equipment & furniture	331	372	149	204	480	576
Electric and water production plant	-	-	11,821	12,657	11,821	12,657
Electric and water distribution plant	-	-	30,002	29,957	30,002	29,957
Electric and water general plant	-	-	2,815	2,556	2,815	2,556
Construction in progress	323	2,047	31,444	9,732	31,767	11,779
	<u>\$ 26,700</u>	<u>\$ 27,084</u>	<u>\$ 92,757</u>	<u>\$ 72,691</u>	<u>\$ 119,457</u>	<u>\$ 99,775</u>

The primary increase to capital assets was in the construction in progress due to the ongoing projects for wastewater treatment upgrades. Upon completion of the construction-in-progress projects, the total construction costs will be added to buildings or infrastructure, as applicable, and depreciation will begin in that fiscal year.



**City of Greenwood
Management's Discussion and Analysis**

General Long-Term Obligations

At September 30, 2014, the City of Greenwood had \$3,750,000 in outstanding general obligation bonds, \$1,620,000 in MBIA bonds for Milwaukee Electric Tool, \$33,765,887 in state revolving loans with the Mississippi Department of Environmental Quality, and \$3,310,000 in sewer system refunding bonds.

The City's legal debt margin for the issuance of general obligation bonds at September 30, 2014, was \$16,214,013.

Table 4 compares the total outstanding long-term obligations of the City at September 30, 2014 to 2013 amounts.

**Table 4
Outstanding Notes and Long-term Obligations at Year End
(amounts expressed in thousands)**

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
General obligation bonds	\$ 3,750	\$ 4,050	\$ -	\$ -	\$ 3,750	\$ 4,050
General obligation bonds-MBIA issue	1,620	1,800	-	-	1,620	1,800
Sewer Revenue Refunding Bonds, Series 2012	-	-	3,310	3,885	3,310	3,885
State revolving loans	-	-	33,860	12,848	33,860	12,848
Capital Improvement Loan	-	-	479	-	479	-
Compensated absences	249	263	399	435	648	698
Capital leases	669	758	107	257	776	1,015
	<u>\$ 6,288</u>	<u>\$ 6,871</u>	<u>\$ 38,155</u>	<u>\$ 17,425</u>	<u>\$ 44,443</u>	<u>\$ 24,296</u>

The general obligation bonds for the governmental activities are being repaid by an annual debt service tax levy. The general obligation bonds for the MBIA issue are being repaid by Milwaukee Electric Tool Corporation in the form of monthly rents of \$24,864.

The state revolving loans are repaid by a reduction in sales tax revenue received from the Mississippi Department of Revenue monthly; however, the Sewage Enterprise Fund reimburses the General Fund for the monthly reduction.

The Capital Improvement loan is a revolving loan issued by the Mississippi Development Authority due in monthly installments of \$3,035 for 240 months beginning 30 days after the completion date of the project. This project is ongoing and incomplete at the time this report was issued.

The sewer revenue refunding bonds are being repaid through user charges.

The annual requirements to amortize long-term debt outstanding as of September 30, 2014, including interest, by source of retirement are presented in Table 5 for bonds and notes. The



**City of Greenwood
Management's Discussion and Analysis**

Sewer Rehab Revolving Loan – Phase V for approximately \$39,025,000 is not included. Interest at 1.75% per annum (compounded monthly) on amounts paid to the City commences on the loan November 9, 2014, and will be added to the final allowable project costs to determine the principal amount to be repaid. Principal and interest payments in the amount of \$194,873 commence August, 2015, for a period of 237 months subject to amendment, if need be.

**Table 5
Annual Cash Demand by Type of Debt**

FYE	G O Bonds	G O Bonds - MBIA	Sewer Refunding Bonds	State Revolving Loan	Capital Improvement Loan	TOTAL
2015	\$ 439,948	\$ 225,900	\$ 653,213	\$ 486,587	\$ -	\$ 1,805,648
2016	449,078	220,500	656,513	486,588	36,423	1,849,102
2017	453,057	215,100	654,513	486,587	36,424	1,845,681
2018	451,502	209,700	637,313	486,588	36,424	1,821,527
2019	454,509	204,300	455,213	486,587	36,423	1,637,032
Thereafter	2,345,044	763,200	490,920	4,054,896	582,090	8,236,150
Total	\$ 4,593,138	\$ 1,838,700	\$ 3,547,685	\$ 6,487,833	\$ 727,784	\$ 17,195,140

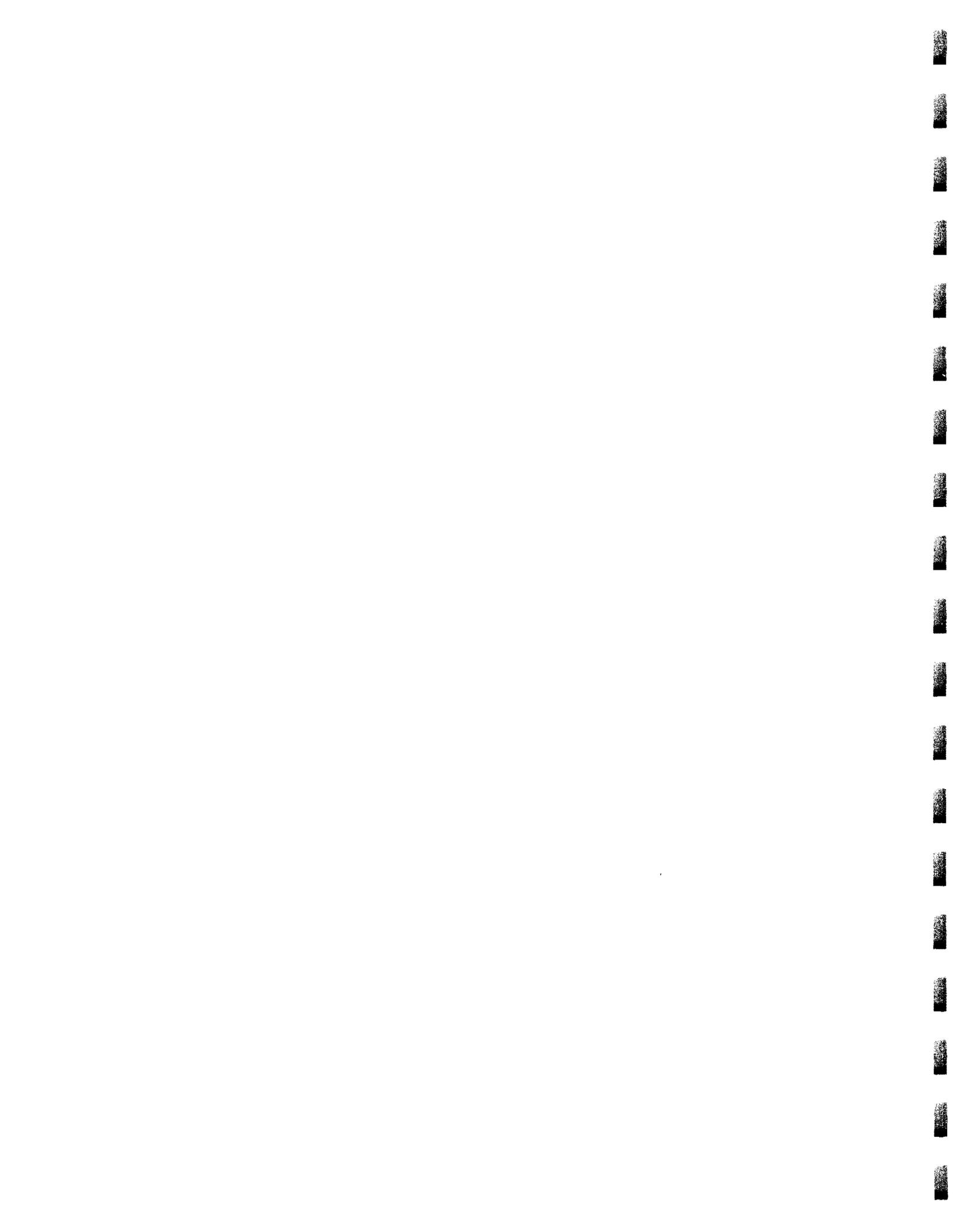
The capital leases, shown in Table 6 below, are comprised of three trash knuckle boom trucks, three garbage rear loaders and one garbage front loader for the Garbage/Sanitation Department, a Ferrara Rescue/Pumper Truck and an E-One 75' Aerial Truck for the Fire Department.

**Table 6
Annual Cash Demand for Capital Leases**

FYE	Garbage Trucks Capital Lease	Fire Trucks Capital Lease	TOTAL
2015	\$ 109,298	\$ 112,337	\$ 221,635
2016	-	112,337	112,337
2017	-	112,337	112,337
2018	-	112,337	112,337
2019	-	75,575	75,575
Thereafter	-	226,724	226,724
Total	\$ 109,298	\$ 751,647	\$ 860,945

The compensated absences liability identified in Table 4 refers to the balance of what has been earned as a termination benefit that will be paid over time as people leave or retire. Under GAAP reporting, this liability must be reported as compensated absences at year-end due to the language in our personnel policies to the effect that the employee has “earned” the compensation. The City does not provide a specific budget for this portion of the liability. These amounts are paid, when due, from the department’s annual personal services budget.

Additional information on the City of Greenwood’s long-term debt can be found in Note 3 on pages 53-61.



City of Greenwood Management's Discussion and Analysis

Current Financial Related Activities

The City of Greenwood is financially stable. The City is committed to maintaining that financial stability without substantial tax or fee increases, when possible. The City maintains an excellent system of financial planning, budgeting, and internal financial controls. The City will continue its sound fiscal management in an attempt to meet the challenges of the future.

Milwaukee Electric Tool Corporation has continued to grow. The industry-leading manufacturer and marketer of heavy-duty, portable electric power tools and accessories committed to an \$18 million expansion over 3 years.

Cannon Chrysler is developing 19 acres on Highway 82 West, investing over 2.4 million dollars into a high-quality commercial retail automobile dealership development that offers Greenwood an opportunity to have Chrysler, Dodge, Jeep and Ram vehicle sales, service, and parts available in the local economy. The City intends to issue Tax Increment Financing (TIF) bonds in an amount not to exceed \$1,000,000 to assist in that development.

C3 Designs will design and manufacture high performance homes and specialty structures. This operation will occupy a 72,000 square foot facility located in our Greenwood-Leflore Industrial Park.

The Baptist Town Community Revitalization project is in progress. Over \$700,000 has been invested in Phase 1. This phase includes housing rehabilitation, infrastructure, a community center and placing the first 11 Katrina cottages in the Baptist Town Community.

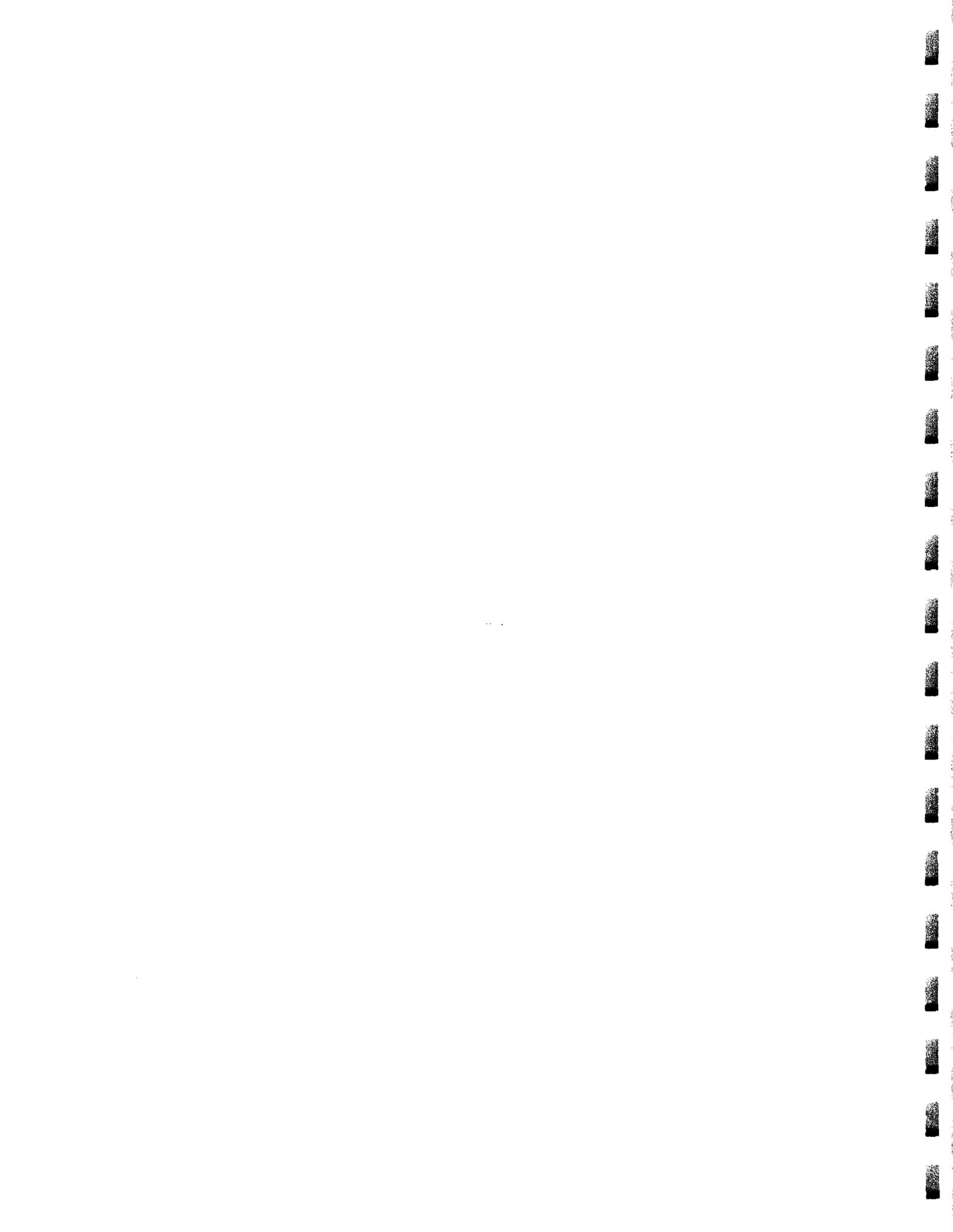
In fiscal year 2015, the City entered into a capital lease for the purchase of five (5) new 2015 Ford Explorers. The purchase of these police vehicles provides for a better service in patrolling the City's streets. Payments on this loan began in March, 2015. In addition the City plans to enter into another capital lease for the purchase of five (5) garbage trucks and four (4) trash trucks as soon as the trash trucks are delivered. The purchase of these trucks provides for a more efficient service in picking up the City's trash and garbage.

Our economy was also stimulated by the recent issuance of \$3 million in bonds. The bond funds will be used to renovate the Police Department.

In March 2015, the City issued G.O. Refunding Bonds, Series 2015, to provide funds for the advance refunding of the current 2005 and 2006 G.O. Bonds, as well as the payment of the associated bond issuance costs. A total of \$2,155,000 was received from the 2015 bond issuance and will pay down the 2005 and 2006 bonds outstanding balances to \$70,000 and \$95,000, respectively.

In May 2015, the City issued Tax Increment Financing (TIF) bonds in the amount of \$265,000 to assist in the development of the Landing Retail Center, a commercial property that operates as a convenience store and truck fueling station.

The City entered into an agreement for a state revolving fund loan to significantly upgrade the wastewater treatment plant which was required by EPA. This \$39 million project began in fiscal year 2012 and is now complete. Sewer rates were increased to meet future loan obligations.



**City of Greenwood
Management's Discussion and Analysis**

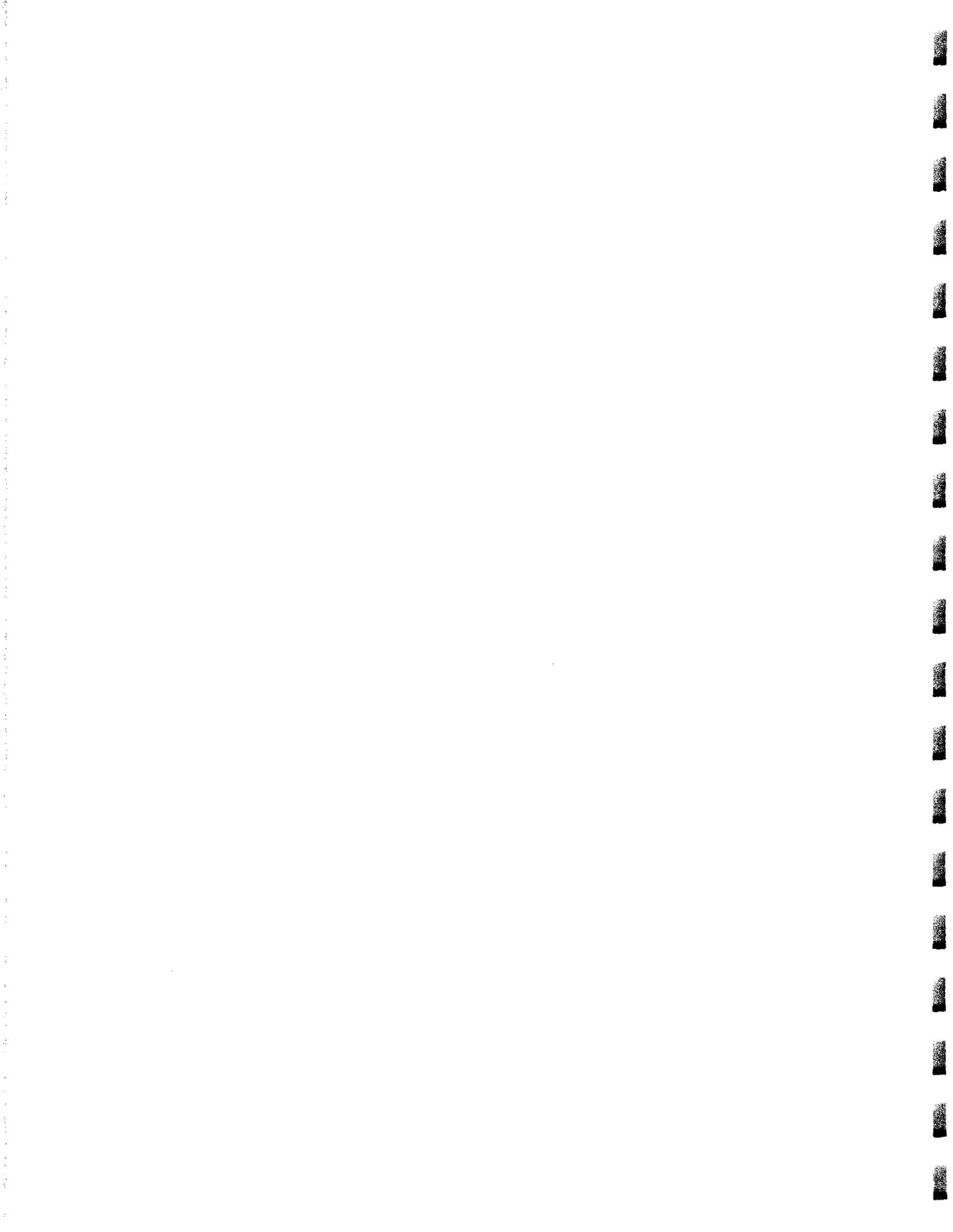
Many positive things are happening by using multiple funding sources and, all the while, these long overdue projects are still able to be undertaken with little or no impact to the City's bottom line. City officials would like to reassure its constituents that City Hall is working hard to make sure Greenwood gets the most bang for its buck and that Greenwood is going to continually strive to maintain its status as the crown jewel of the Mississippi delta.

Contacting the City's Finance Department

This financial report is designed to provide our citizens, taxpayers, creditors, and investors with a general overview of the City's finances and to show the City's accountability for the funds it receives. Questions about this report or requests for additional information should be made to the City Clerk, City of Greenwood, Mississippi, at 662-453-2246.



FINANCIAL STATEMENTS



City of Greenwood, Mississippi
Statement of Net Position
September 30, 2014

	Primary Government			Component Units
	<u>Governmental</u>	<u>Business-type</u>	Total	
	Activities	Activities		
ASSETS				
Cash and equivalents	\$ 4,227,284	\$ 7,617,733	\$ 11,845,017	\$ 512,546
Investments	133,963	476,117	610,080	-
Receivables				
Accounts, net	-	4,325,171	4,325,171	19,354
Property taxes	4,988,776	-	4,988,776	-
Other	178,475	443,084	621,559	100
Internal balances	(53,257)	53,257	-	-
Due from other governmental agencies	877,763	127,835	1,005,598	66,681
Inventories	-	932,557	932,557	-
Prepays	26,854	123,290	150,144	7,698
Other long-term receivables	-	7,732	7,732	-
Restricted assets				
Cash and cash equivalents	-	12,934,743	12,934,743	10,000
Investments	-	2,573,883	2,573,883	-
Interest receivable	-	3,183	3,183	-
Capital assets				
Land	3,487,721	451,020	3,938,741	-
Infrastructure	16,243,303	15,320,606	31,563,909	-
Buildings and improvements	4,870,548	193,751	5,064,299	31,952
Equipment and furniture	331,076	149,420	480,496	62,245
Mobile equipment	1,443,582	559,999	2,003,581	1,546
Library books and materials	-	-	-	126,830
Electric and water production plant	-	11,820,677	11,820,677	-
Electric and water distribution plant	-	30,001,677	30,001,677	-
Electric and water general plant	-	2,815,154	2,815,154	-
Construction in progress	323,455	31,444,491	31,767,946	-
Total assets	<u>37,079,543</u>	<u>122,375,380</u>	<u>159,454,923</u>	<u>838,952</u>
LIABILITIES				
Accounts payable and accrued expenses	389,633	3,280,334	3,669,967	38,157
Due to other governmental agencies	10,883	48,652	59,535	-
Other payables	100,496	1,317	101,813	-
Sales tax payable	-	67,570	67,570	-
Unearned grant revenue	-	3,063,279	3,063,279	-
Deferred revenue	24,865	-	24,865	-
Payable from restricted assets				
Revenue bonds payable	-	585,000	585,000	-
Customer deposits	-	1,109,917	1,109,917	-
Unemployment compensation allowance	-	24,000	24,000	-
Group medical insurance claims payable	-	18,889	18,889	-
Long-term liabilities				
Due within one year				
Bonds, capital leases and contracts	576,875	849,063	1,425,938	-
Accrued interest	53,210	15,117	68,327	-
Accrued compensated absences	248,988	118,203	367,191	25,853
Due in more than one year				
Accrued compensated absences	-	281,242	281,242	21,070
Bonds, capital leases and contracts	5,462,557	36,321,442	41,783,999	-
Total liabilities	<u>6,867,507</u>	<u>45,784,025</u>	<u>52,651,532</u>	<u>85,080</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	4,880,322	-	4,880,322	-
Bond premium	-	40,117	40,117	-
Total deferred inflows of resources	<u>4,880,322</u>	<u>40,117</u>	<u>4,920,439</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	20,607,043	55,026,291	75,633,334	243,536
Restricted for:				
Capital projects	13,028	-	13,028	-
Debt service	983,613	-	983,613	-
Community development projects	111,888	-	111,888	-
Other Purposes	119,309	-	119,309	-
Purchase of genealogy materials	-	-	-	5,955
Production of income to purchase books	-	-	-	10,000
Miss State unemployment revolving fund	-	-	-	4,628
Standards-based library automation system	-	-	-	45,338
Unrestricted	3,496,833	21,524,947	25,021,780	444,415
Total net position	<u>\$ 25,331,714</u>	<u>\$ 76,551,238</u>	<u>\$ 101,882,952</u>	<u>\$ 753,872</u>

City of Greenwood, Mississippi
Statement of Activities
For the Year Ended September 30, 2014

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental Activities				
General Government	\$ 1,475,791	\$ 152,437	\$ -	\$ -
Public Safety	7,418,035	422,287	289,688	15,369
Public Works	2,187,925	115,221	46,877	58,878
Health, Welfare and Sanitation	16,922	-	23,027	-
Culture and Recreation	464,005	28,121	3,358	34,835
Economic Development & Assistance	96,405	-	1,014	398,707
Miscellaneous Appropriations	619,912	-	-	-
Interest on Long-term debt	224,520	302,301	-	-
Total governmental activities	<u>12,503,515</u>	<u>1,020,367</u>	<u>363,964</u>	<u>507,789</u>
Business-type activities				
Sewer	2,169,960	3,730,734	-	343,893
Solid Waste	1,955,259	1,840,378	-	2,438
Unemployment Compensation	13,610	-	-	-
Electric/Water	29,700,842	32,224,917	-	-
Total business-type activities	<u>33,839,671</u>	<u>37,796,029</u>	<u>-</u>	<u>346,331</u>
Total primary government	<u>\$ 46,343,186</u>	<u>\$ 38,816,396</u>	<u>\$ 363,964</u>	<u>\$ 854,120</u>
Component Units				
Tourism Commission	\$ 493,083	\$ -	\$ -	\$ -
Public Library	529,624	14,208	121,827	-
Total component units	<u>\$ 1,022,707</u>	<u>\$ 14,208</u>	<u>\$ 121,827</u>	<u>\$ -</u>

General revenues:

Taxes:

- Property taxes, levied for general purposes
- Property taxes, levied for specific purposes
- Franchise taxes
- Sales taxes
- Tourism sales tax

Payments from the city and county

Grants and contributions not restricted to specific programs

Unrestricted investment earnings

Miscellaneous

Gain (Loss) on disposal and sale of assets

Transfers

Total general revenues, special items, and transfers

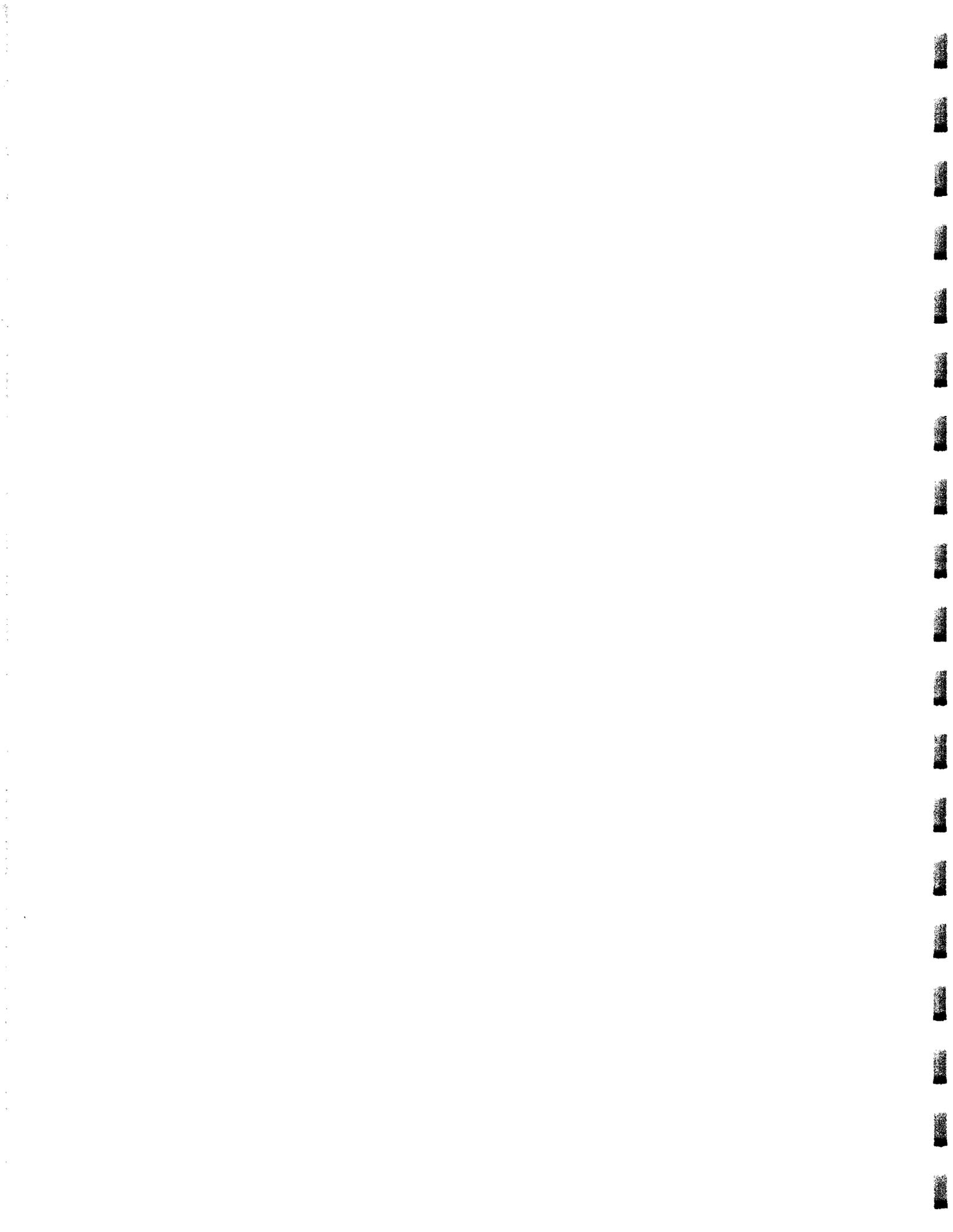
Change in net position

Net position - beginning

Net position - ending

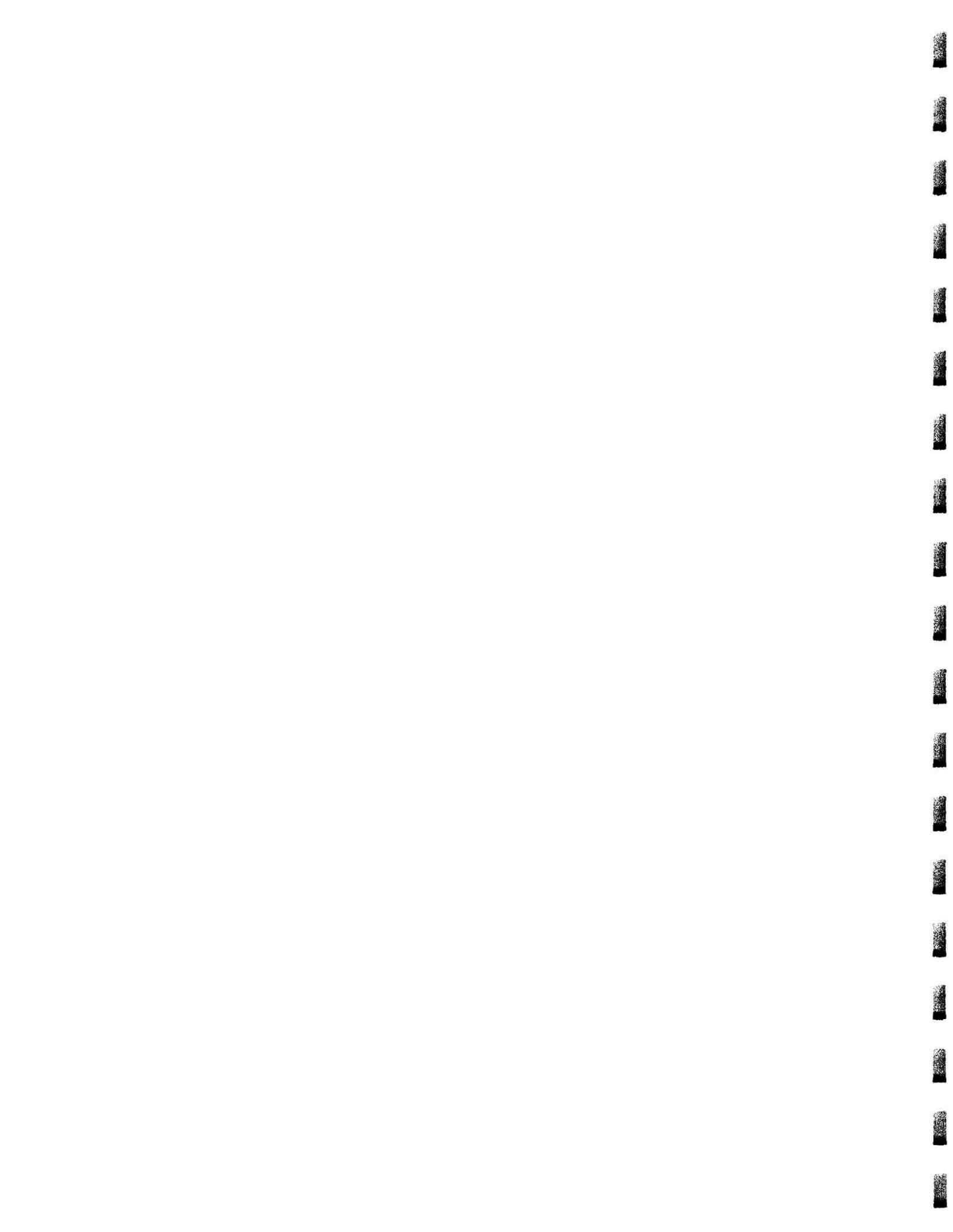
Net (Expense) Revenue and Changes in Net Position
Primary Government

<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>	<u>Component Units</u>
\$ (1,323,354)		\$ (1,323,354)	
(6,690,691)		(6,690,691)	
(1,966,949)		(1,966,949)	
6,105		6,105	
(397,691)		(397,691)	
303,316		303,316	
(619,912)		(619,912)	
77,781		77,781	
<u>(10,611,395)</u>		<u>(10,611,395)</u>	
	\$ 1,904,667	1,904,667	
	(112,443)	(112,443)	
	(13,610)	(13,610)	
	<u>2,524,075</u>	<u>2,524,075</u>	
	<u>4,302,689</u>	<u>4,302,689</u>	
<u>(10,611,395)</u>	<u>4,302,689</u>	<u>(6,308,706)</u>	
			\$ (493,083)
			<u>(393,589)</u>
			<u>(886,672)</u>
4,302,990	-	4,302,990	-
433,755	-	433,755	-
311,285	-	311,285	-
4,450,269	-	4,450,269	-
-	-	-	450,874
-	-	-	368,835
193,363	-	193,363	3,495
6,564	32,380	38,944	1,379
-	-	-	-
467	(6,108)	(5,641)	-
1,298,232	(1,298,232)	-	-
<u>10,996,925</u>	<u>(1,271,960)</u>	<u>9,724,965</u>	<u>824,583</u>
385,530	3,030,729	3,416,259	(62,089)
24,946,184	73,520,509	98,466,693	815,961
<u>\$ 25,331,714</u>	<u>\$ 76,551,238</u>	<u>\$ 101,882,952</u>	<u>\$ 753,872</u>



City of Greenwood, Mississippi
 Balance Sheet
 Governmental Funds
 September 30, 2014

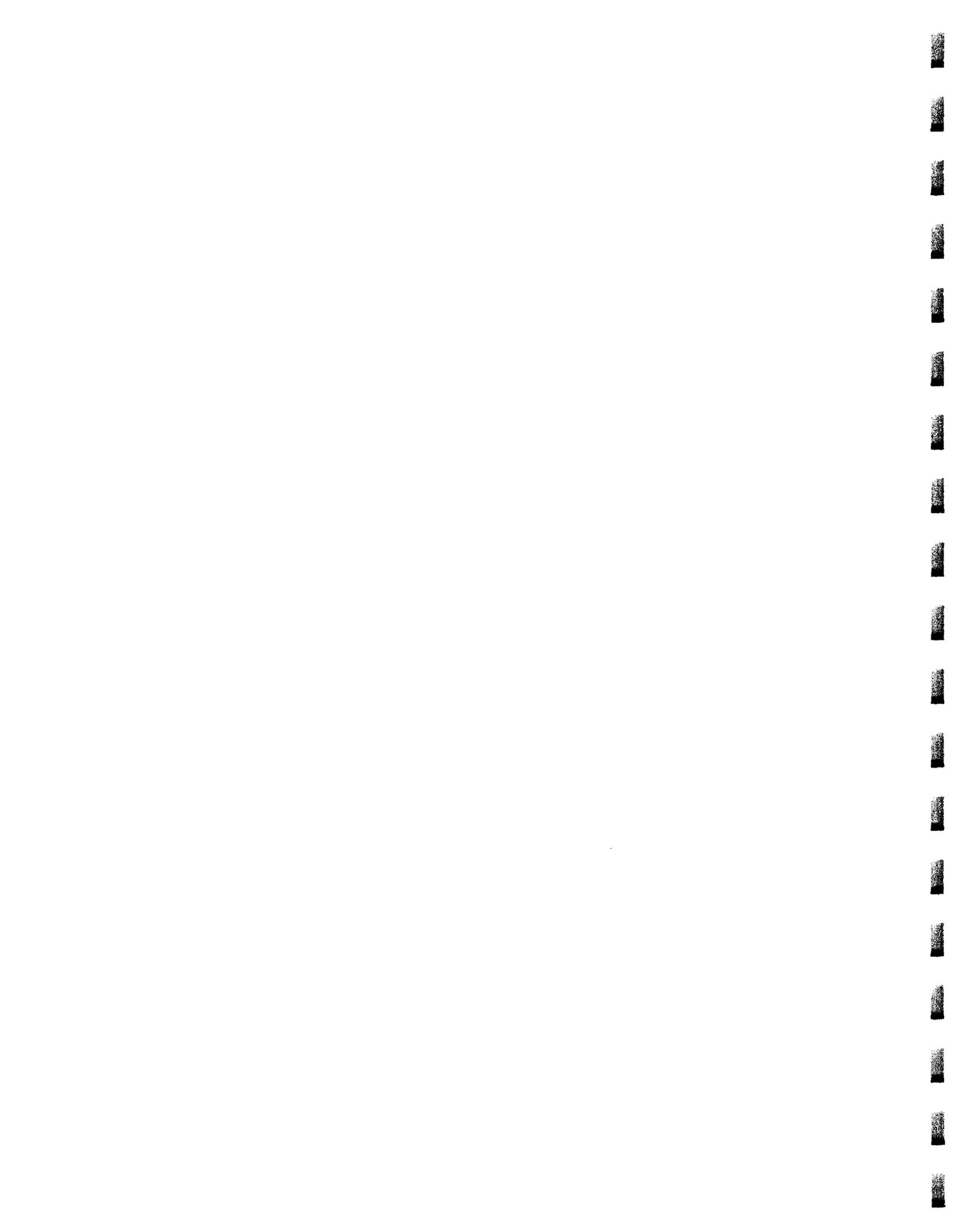
	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 2,122,826	\$ 1,757,927	\$ 3,880,753
Investments	133,963	-	133,963
Property taxes receivable, net	4,540,876	447,900	4,988,776
Other receivables	18,730	-	18,730
Intergovernmental receivables	727,295	150,468	877,763
Due from other funds	234,749	1,440	236,189
Total assets	<u>\$ 7,778,439</u>	<u>\$ 2,357,735</u>	<u>\$ 10,136,174</u>
LIABILITIES			
Accounts payable	\$ 200,277	\$ 41,575	\$ 241,852
Due to other funds	87,578	147,171	234,749
Deferred revenue	-	24,865	24,865
Other accrued expenses	146,893	888	147,781
Other payables	20,878	4,024	24,902
Total liabilities	<u>455,626</u>	<u>218,523</u>	<u>674,149</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	<u>4,442,014</u>	<u>438,308</u>	<u>4,880,322</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	-	1,181,843	1,181,843
Committed	-	-	-
Assigned	-	519,061	519,061
Unassigned	2,880,799	-	2,880,799
Total fund balances	<u>2,880,799</u>	<u>1,700,904</u>	<u>4,581,703</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 7,778,439</u>	<u>\$ 2,357,735</u>	<u>\$ 10,136,174</u>



City of Greenwood, Mississippi
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net
Position
September 30, 2014

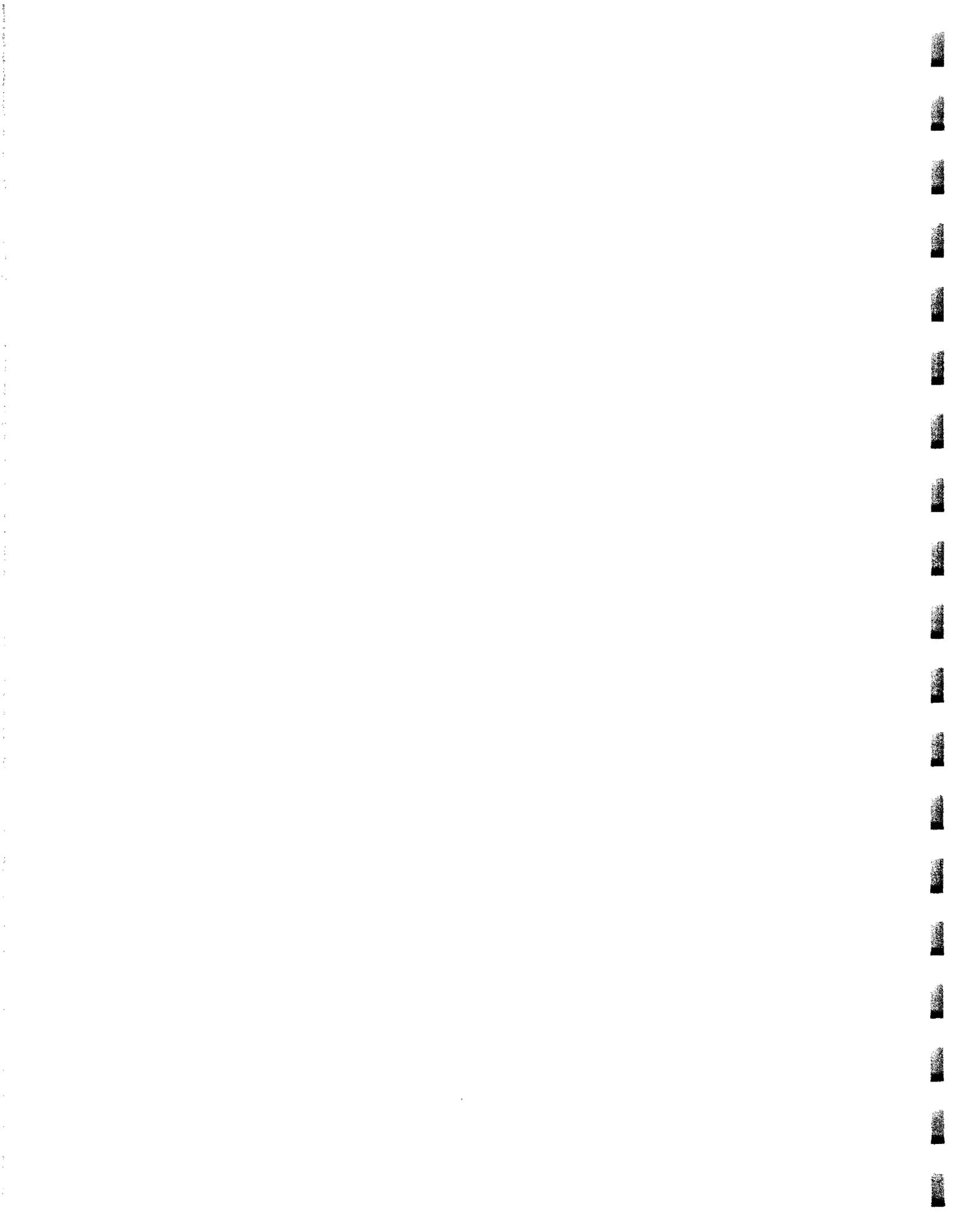
Total fund balance, governmental funds	\$	4,581,703
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in this fund financial statement but are reported in the governmental activities of the Statement of Net Position		26,699,685
Prepaid expenses used in governmental activities are not current financial resources and, therefore, are not reported in this fund financial statement but are reported in the governmental activities of the Statement of Net Position		26,854
Certain other long-term assets are not available to pay current period expenditures and, therefore, are not reported in this fund financial statement but are reported in the governmental activities of the Statement of Net Position		159,745
The assets and liabilities of certain internal service funds are not included in the fund financial statement but are included in the governmental activities of the Statement of Net Position		205,357
Some liabilities, (such as Deferred Revenues, Notes Payable, Capital Leases, Contracts Payable, Long-term Compensated Absences, and Bonds Payable), are not due and payable in the current period and are not included in the fund financial statement but are included in the governmental activities of the Statement of Net Position		(6,341,630)
Net Position of Governmental Activities in the Statement of Net Position	\$	25,331,714

See accompanying notes to the financial statements.



City of Greenwood, Mississippi
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2014

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES			
Property taxes	\$ 4,302,990	\$ 431,223	\$ 4,734,213
General sales tax	4,450,269	-	4,450,269
Fees and fines	315,901	42,891	358,792
Licenses and permits	400,201	-	400,201
Intergovernmental	315,367	838,295	1,153,662
Charges for services	15,925	(33,782)	(17,857)
Investment earnings	4,028	2,076	6,104
Miscellaneous	104,788	343,619	448,407
Total revenues	<u>9,909,469</u>	<u>1,624,322</u>	<u>11,533,791</u>
EXPENDITURES			
Current:			
General government	1,464,617	-	1,464,617
Public safety	6,785,830	335,415	7,121,245
Public works	1,567,070	41,934	1,609,004
Health and welfare	-	16,922	16,922
Culture and recreation	382,864	53,776	436,640
Miscellaneous appropriations	547,822	72,090	619,912
Economic development and assistance	-	2,391	2,391
Debt Service:			
Principal	59,619	509,303	568,922
Interest and other charges	15,956	208,564	224,520
Capital Outlay	167,202	718,164	885,366
Total Expenditures	<u>10,990,980</u>	<u>1,958,559</u>	<u>12,949,539</u>
Excess (deficiency) of revenues over expenditures	<u>(1,081,511)</u>	<u>(334,237)</u>	<u>(1,415,748)</u>
OTHER FINANCING SOURCES (USES)			
Sale of real estate	-	168,410	168,410
Sale of personal property	19,824	-	19,824
Transfers in	1,331,829	461,949	1,793,778
Transfers out	(112,366)	(383,182)	(495,548)
Total other financing sources and uses	<u>1,239,287</u>	<u>247,177</u>	<u>1,486,464</u>
Net change in fund balances	157,776	(87,060)	70,716
Fund balances - beginning	2,723,023	1,787,964	4,510,987
Fund balances - ending	<u>\$ 2,880,799</u>	<u>\$ 1,700,904</u>	<u>\$ 4,581,703</u>



City of Greenwood, Mississippi
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2014

Net change in fund balances - total governmental funds: \$ 70,716

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

This is the amount by which capital outlays \$885,366 exceeded depreciation \$957,734 in the current period. (72,368)

Governmental funds report the entire net sales price (proceeds) from sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities reports only the gain (loss) on the sale or disposal of the assets. Thus, the change in net position differs from the change in fund balance by the cost of the asset sold or disposed. (187,767)

Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned. (4,917)

Governmental funds report bond and capital lease proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of bond and capital lease principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the amount by which proceeds exceeded repayments. 568,922

Some expenditures reported in the Governmental funds are not expenses of the current period and are reported as prepayments in the Statement of Activities:

Prepaid insurance not reflected in the Governmental Funds 1,712

Some expenses reported in the Statement of Activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

Accrued interest not reflected on Governmental funds (3,943)

Accrued compensated absences not reflected in the Governmental funds 14,215

An internal service fund is used by management to charge the costs of certain activities, such as employee benefits to individual funds. The net revenue (expense) of the internal service fund is reported with governmental activities. (1,040)

Change in net position of governmental activities \$ 385,530

See accompanying notes to the financial statements.

City of Greenwood, Mississippi
Budget and Actual (with Variances)
General Fund
For the year ended September 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts,</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget -</u>
			<u>(See Note A)</u>	<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
Property taxes	\$ 4,416,361	\$ 4,416,361	\$ 4,284,257	\$ (132,104)
Fees and fines	468,762	468,762	315,901	(152,861)
Licenses and permits	390,260	390,260	399,217	8,957
Intergovernmental	4,823,257	4,823,257	4,711,874	(111,383)
Charges for services	27,200	27,200	15,300	(11,900)
Investment earnings	7,000	7,000	4,026	(2,972)
Miscellaneous	219,600	219,600	124,613	(94,987)
Total revenues	<u>10,352,440</u>	<u>10,352,440</u>	<u>9,855,190</u>	<u>(497,250)</u>
EXPENDITURES				
General government				
Supervision and finance				
Personal services	593,560	588,560	584,589	3,971
Supplies	5,927	10,027	8,936	1,091
Other services and charges	309,825	255,679	242,848	12,831
Capital outlay	2,669	2,669	2,590	79
City clerk's office				
Personal services	208,268	204,933	197,339	7,594
Supplies	10,500	12,500	10,486	2,014
Other services and charges	41,270	42,065	39,979	2,086
Capital outlay	200	740	739	1
City hall building maintenance				
Supplies	9,000	21,851	17,781	4,070
Other services and charges	236,000	245,850	241,910	3,940
Capital outlay	-	55,465	55,465	-
Personnel office				
Personal services	109,127	109,140	106,441	2,699
Supplies	2,200	2,500	1,935	565
Other services and charges	9,578	9,578	5,695	3,883
Capital outlay	1,000	987	298	689
Public safety				
Police department				
Personal services	3,297,196	3,331,076	2,997,650	333,426
Supplies	294,120	239,620	199,053	40,567
Other services and charges	434,480	479,151	429,293	49,858
Capital outlay	8,000	25,040	18,378	6,662
Debt service	19,652	5,052	4,913	139
Municipal court				
Personal services	112,728	112,802	109,864	2,938
Supplies	4,241	4,241	2,876	1,365
Other services and charges	15,284	15,210	11,806	3,404
Fire department				
Personal services	2,616,915	2,529,415	2,435,572	93,843
Supplies	72,700	125,400	117,251	8,149
Other services and charges	101,900	137,627	124,160	13,467
Capital outlay	13,500	25,500	24,190	1,310
Debt service	80,679	77,203	76,744	459
Inspection division				
Personal services	213,723	213,723	212,691	1,032
Supplies	8,100	8,100	5,574	2,526
Other services and charges	5,350	6,682	5,816	866
Capital outlay	1,000	992	533	459
Debt service	1,404	360	351	9
Public works				
Engineering division				
Personal services	110,461	110,461	101,534	8,927
Supplies	37,743	37,510	35,303	2,207
Other services and charges	11,000	11,396	8,597	2,799
Capital outlay	500	1,033	883	150
Debt service	936	240	234	6
Street division				
Personal services	528,159	477,459	448,387	29,072
Supplies	261,865	244,965	222,948	22,017
Other services and charges	396,500	401,604	420,369	(18,765)
Capital outlay	1,000	11,500	90,275	(78,775)
Debt service	8,869	2,285	2,222	63

EXPENDITURES (Continued)	Budgeted Amounts		Actual Amounts,	Variance with
	Original	Final	Budgetary Basis	Final Budget -
			(See Note A)	Positive
				(Negative)
Equipment maintenance division				
Personal services	259,703	254,003	205,664	48,339
Supplies	29,690	38,390	30,974	7,416
Other services and charges	32,000	35,439	34,214	1,225
Capital outlay	500	-	-	-
Debt service	2,340	601	585	16
Inventory control division				
Personal services	37,233	37,233	36,339	894
Supplies	11,900	11,900	10,669	1,231
Other services and charges	300	648	348	300
Capital outlay	200	200	-	200
Debt service	468	120	117	3
Culture and recreation				
Park division recreation				
Personal services	8,375	8,375	6,495	1,880
Supplies	12,500	21,364	19,395	1,969
Other services and charges	6,000	1,500	1,345	155
Capital outlay	210	210	-	210
Park division maintenance				
Personal services	249,588	249,588	241,372	8,216
Supplies	60,200	62,700	59,028	3,672
Other services and charges	43,415	47,049	45,256	1,793
Capital outlay	1,030	1,030	890	140
Debt service	3,276	842	819	23
Senior citizens center				
Supplies	4,300	4,300	3,498	802
Other services and charges	6,700	6,700	4,182	2,518
Capital outlay	-	-	-	-
Miscellaneous appropriations				
Civil defense	22,113	22,113	22,113	-
Main Street project	14,500	14,500	14,500	-
Delta Streets	2,500	2,500	2,500	-
Boys & Girls Club Appropriations	10,000	10,000	10,000	-
Our House Appropriations	8,500	8,500	8,500	-
Greenwood Mentoring Group	5,000	5,000	5,000	-
Armory	8,100	8,100	7,113	987
Library	201,837	201,837	197,685	4,152
Industrial Board	108,000	108,000	100,200	7,800
Humane Society	6,500	6,500	6,500	-
Chamber of Commerce-Christmas decorations	7,500	7,500	7,500	-
Cemetery	10,000	10,000	4,470	5,530
Red Cross	3,500	3,500	3,500	-
Other utility appropriations	38,000	38,000	37,129	871
Airport	96,456	96,456	96,456	-
Drug Court	2,500	2,500	2,500	-
Fannie Lou Hammer	2,500	2,500	2,500	-
Community Kitchen	5,000	5,000	5,000	-
Community Band	1,000	1,000	-	1,000
Teach for America	5,000	5,000	5,000	-
Chamber of Commerce-Fourth of July	2,500	7,500	7,500	-
Cottonlandia	11,000	11,000	11,000	-
Total Expenditures	<u>11,539,083</u>	<u>11,557,389</u>	<u>10,882,354</u>	<u>675,035</u>
Excess (deficiency) of revenues over expenditures	<u>(1,186,643)</u>	<u>(1,204,949)</u>	<u>(1,027,164)</u>	<u>177,785</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,261,643	1,306,958	1,325,333	18,375
Transfers out	<u>(75,000)</u>	<u>(116,481)</u>	<u>(102,140)</u>	<u>14,341</u>
Total other financing sources (uses)	<u>1,186,643</u>	<u>1,190,477</u>	<u>1,223,193</u>	<u>32,716</u>
Net change in fund balances	-	(14,472)	196,029	210,501
Budgetary fund balance - beginning	1,018,091	14,472	1,496,090	1,481,618
Budgetary fund balance - ending	<u>\$ 1,018,091</u>	<u>\$ -</u>	<u>\$ 1,692,119</u>	<u>\$ 1,692,119</u>



City of Greenwood, Mississippi
 Note A to Budgetary Comparison Schedule
 General Fund
 For the year ended September 30, 2014

An explanation of the differences between budgetary inflows and outflows and revenues and expenditures determined in accordance with generally accepted accounting principles follows.

Sources/inflows of resources:

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 9,855,190
Differences - budget to GAAP:	
Amounts due from the county for real, auto and mobile home ad valorem at year end are revenues for financial reporting purposes	18,733
Amount due to the state for sales tax at year end is revenue for financial reporting purposes	47,461
Amount due to the state for liquor license at year end is revenue for financial reporting purposes	6,300
Amounts due from franchisees at year end is revenue for financial reporting purposes	1,609
Proceeds for sale of personal property reported as other financing sources on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>(19,824)</u>

Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 9,909,469</u>
--	---------------------

Uses/outflows of resources:

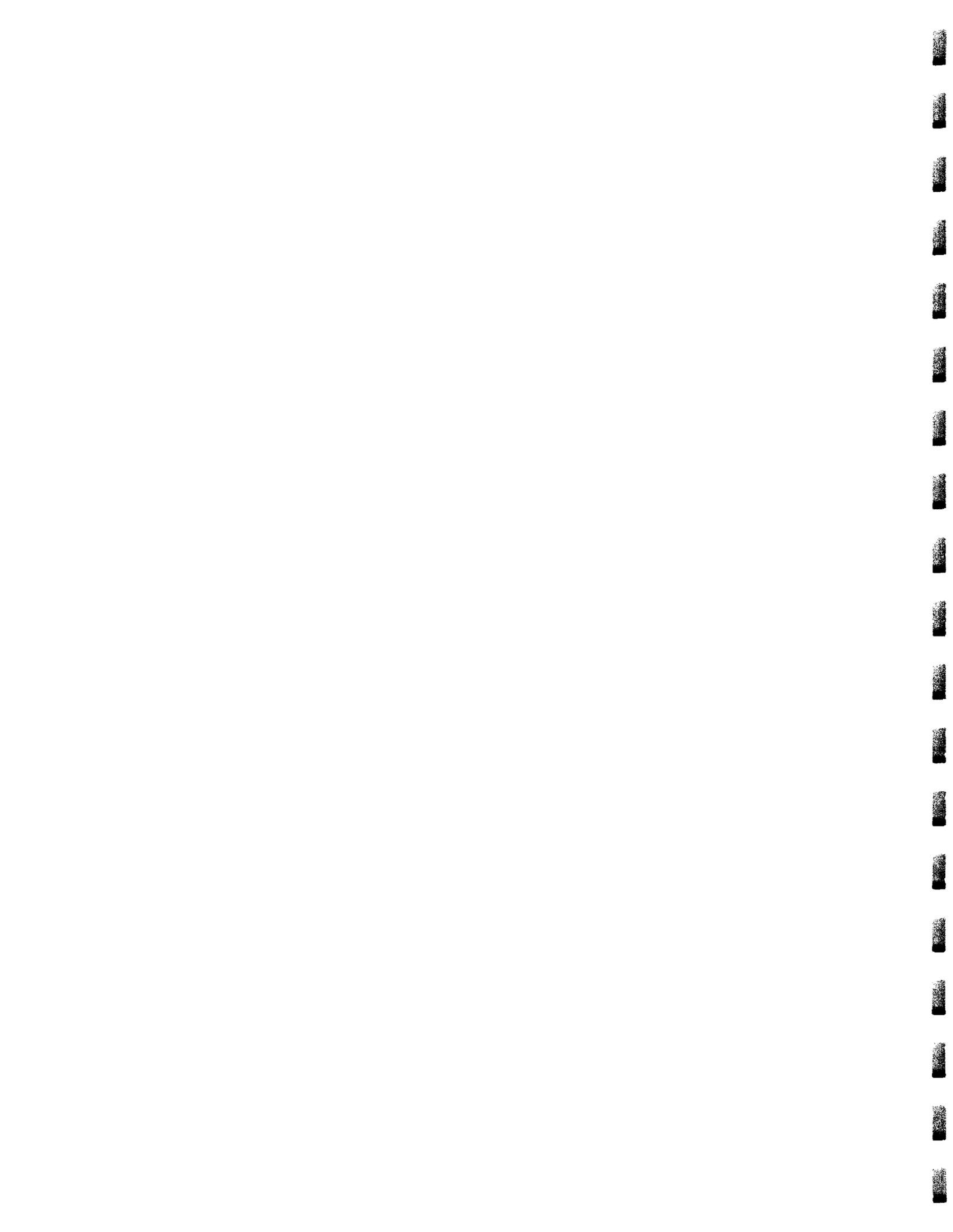
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 10,882,354
Differences - budget to GAAP:	
The City does not record accrued salaries for budgetary reporting purposes, only for the modified accrual basis	43,642
The City does not record the appropriation from Greenwood Utilities for the City employee picnic, only for the modified accrual basis	6,497
The City did not record an expenditure for communications equipment against the budget basis, but for the modified accrual basis, the equipment had been placed in service	
The City reversed a prior year payable on the modified accrual basis but not for the budgetary basis	(1,665)
The City does not record a payable if it is incurred on or before September 30th and paid after October 30th for the budgetary basis, only for the modified accrual basis	68,996
The City did not remove inspection stickers from inventory and record as an expense on the budgetary basis, only for the modified accrual basis	
The City recorded the cemetery appropriation as an appropriation in the budgetary process, but for the modified accrual basis, the appropriation was an operating transfer to the cemetery fund	<u>(8,844)</u>

Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 10,990,980</u>
--	----------------------



City of Greenwood, Mississippi
Statement of Net Position
Proprietary Funds
September 30, 2014

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Sewage Enterprise Fund	Greenwood Utilities Fund	Other Enterprise Funds	Total	
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 2,283,770	\$ 5,032,408	\$ 301,552	\$ 7,617,730	\$ 346,534
Investments	-	476,117	-	476,117	-
Accounts receivable, net	-	4,325,171	-	4,325,171	21,918
Due from other funds	782,201	107,520	406,281	1,296,002	-
Due from other governments	19,772	108,063	-	127,835	-
Other receivables	-	443,084	-	443,084	-
Inventories	-	932,557	-	932,557	-
Prepaid expenses	16,115	96,651	10,527	123,293	-
Total current assets	<u>3,101,858</u>	<u>11,521,571</u>	<u>718,360</u>	<u>15,341,789</u>	<u>368,452</u>
Non-current assets:					
Other long-term receivables	-	7,732	-	7,732	-
Restricted Assets:					
Cash and cash equivalents	7,823,625	5,111,118	-	12,934,743	-
Investments	-	2,573,883	-	2,573,883	-
Interest receivable	-	3,183	-	3,183	-
Capital Assets:					
Land and improvements	81,500	369,520	-	451,020	-
Electric and water production plant	-	11,820,677	-	11,820,677	-
Electric and water distribution plant	-	30,001,677	-	30,001,677	-
Electric and water general plant	-	2,815,154	-	2,815,154	-
Infrastructure	20,130,644	-	-	20,130,644	-
Construction in progress	30,869,921	574,570	-	31,444,491	-
Buildings	781,079	-	-	781,079	-
Mobile equipment	612,075	-	1,981,360	2,593,435	-
Other equipment and furniture	198,652	-	-	114,377	-
Less: Accumulated depreciation	(5,968,768)	-	(1,625,643)	(7,594,411)	-
Total non-current assets	<u>54,528,728</u>	<u>53,277,514</u>	<u>470,094</u>	<u>108,276,336</u>	<u>-</u>
Total assets	<u>57,630,586</u>	<u>64,799,085</u>	<u>1,188,454</u>	<u>123,618,125</u>	<u>368,452</u>
LIABILITIES					
Current Liabilities:					
Accounts payable	1,378,019	1,793,923	66,008	3,237,950	75,594
Salaries payable	9,664	21,406	11,315	42,385	-
Accrued interest payable	15,117	-	-	15,117	-
Due to other funds	26,291	1,271,151	-	1,297,442	-
Payable to other governments	-	48,652	-	48,652	-
Sales tax payable	-	67,570	-	67,570	-
Other payables	-	1,317	-	1,317	-
Accrued compensated absences	24,589	71,157	22,457	118,203	-
Unearned grant revenue	3,063,279	-	-	3,063,279	-
Capital lease obligations	-	-	107,780	107,780	-
State revolving loans payable	652,334	88,949	-	741,283	-
Total current liabilities	<u>5,169,293</u>	<u>3,364,125</u>	<u>207,560</u>	<u>8,740,978</u>	<u>75,594</u>
Current Liabilities Payable from Restricted Assets:					
Revenue bonds payable	585,000	-	-	585,000	-
Customer deposits	-	1,109,917	-	1,109,917	-
Unemployment compensation allowance	-	24,000	-	24,000	-
Group medical ins claims payable	-	18,889	-	18,889	-
Total current liabilities payable from restricted assets	<u>585,000</u>	<u>1,152,808</u>	<u>-</u>	<u>1,737,806</u>	<u>-</u>
Non-current liabilities:					
Accrued compensated absences	-	281,242	-	281,242	-
Capital lease obligations	-	-	-	-	-
Revenue bonds	2,725,000	-	-	2,725,000	-
State revolving loans payable	33,592,766	3,675	-	33,596,441	-
Total non-current liabilities	<u>36,317,766</u>	<u>284,917</u>	<u>-</u>	<u>36,602,683</u>	<u>-</u>
Total liabilities	<u>42,072,059</u>	<u>4,801,848</u>	<u>207,560</u>	<u>47,081,467</u>	<u>75,594</u>
DEFERRED INFLOWS OF RESOURCES					
Bond Premium	40,117	-	-	40,117	-
Total deferred inflows of resources	<u>40,117</u>	<u>-</u>	<u>-</u>	<u>40,117</u>	<u>-</u>
NET POSITION					
Net investment in capital assets	9,175,003	45,488,974	362,314	55,026,291	-
Unrestricted	6,343,407	14,508,263	618,580	21,470,250	292,858
Total net position	<u>\$ 15,518,410</u>	<u>\$ 59,997,237</u>	<u>\$ 980,894</u>	<u>\$ 76,496,541</u>	<u>\$ 292,858</u>



City of Greenwood, Mississippi
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended September 30, 2014

<u>Business-type Activities - Enterprise Funds</u>					<u>Governmental Activities - Internal Service Fund</u>
	<u>Sewage Enterprise Fund</u>	<u>Greenwood Utilities Fund</u>	<u>Other Enterprise Funds</u>	<u>Total</u>	
OPERATING REVENUES					
Charges for services	\$ 3,721,559	\$ 31,831,483	\$ 1,816,441	\$ 37,369,483	\$ 1,242,134
Reinsurance funds	-	-	-	-	34,073
Miscellaneous	9,175	393,434	23,937	426,546	2,903
Total operating revenues	<u>3,730,734</u>	<u>32,224,917</u>	<u>1,840,378</u>	<u>37,796,029</u>	<u>1,279,110</u>
OPERATING EXPENSES					
Personal services	753,971	-	936,577	1,690,548	-
Contractual services	494,362	-	646,651	1,141,013	-
Other supplies and expenses	123,402	-	246,157	369,559	-
Repairs and maintenance	-	-	4,134	4,134	-
Insurance claims and expenses	-	-	-	-	1,281,092
Generating expenses	-	20,355,169	-	20,355,169	-
Distribution expenses	-	1,764,294	-	1,764,294	-
General and administration expenses	-	3,700,930	-	3,700,930	-
Customer account expenses	-	577,490	-	577,490	-
Production expenses	-	395,065	-	395,065	-
Sales expenses	-	11,998	-	11,998	-
Depreciation	623,797	2,651,683	134,786	3,410,266	-
Total operating expenses	<u>1,995,532</u>	<u>29,456,629</u>	<u>1,968,305</u>	<u>33,420,466</u>	<u>1,281,092</u>
Operating income (loss)	<u>1,735,202</u>	<u>2,768,288</u>	<u>(127,927)</u>	<u>4,375,563</u>	<u>(1,982)</u>
NON-OPERATING REVENUES (EXPENSES)					
Interest and investment revenue	8,285	22,155	1,941	32,381	460
Interest expense	(179,437)	-	(331)	(179,768)	-
Amortization of bond premium(discount)	5,176	-	-	5,176	-
Expenses paid for the city	-	(41,628)	-	(41,628)	-
Utility appropriations to Greenwood Public Schools	-	(191,361)	-	(191,361)	-
Utility appropriations to Greenwood-Leflore Industrial Board and others	-	(11,224)	-	(11,224)	-
Gain (loss) on disposal and sale of equipment	(13,686)	27,929	(20,351)	(6,108)	-
Miscellaneous revenue	-	-	2,438	2,438	-
Total non-operating revenue (expenses)	<u>(179,662)</u>	<u>(194,129)</u>	<u>(16,303)</u>	<u>(390,094)</u>	<u>460</u>
Income (loss) before contributions and transfers	1,555,540	2,574,159	(144,230)	3,985,469	(1,522)
Capital & operating grants and contributions	343,893	-	-	343,893	-
Transfers in	202,427	-	97,023	299,450	-
Transfers out	-	(1,597,680)	-	(1,597,680)	-
Change in net position	2,101,860	976,479	(47,207)	3,031,132	(1,522)
Total net position - beginning	13,416,550	59,020,758	1,028,101	73,465,409	294,380
Total net position - ending	<u>\$ 15,518,410</u>	<u>\$ 59,997,237</u>	<u>\$ 980,894</u>	<u>\$ 76,496,541</u>	<u>\$ 292,858</u>

Change in net position, per above \$ 3,031,132
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of certain internal service funds is reported with Business Activities. (403)

Change in Business-Type Activities in Net Position per Government-Wide Financial Statements \$ 3,030,729

City of Greenwood, Mississippi
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2014

	<u>Business-type Activities - Enterprise Funds</u>				<u>Governmental</u>
	<u>Sewage Enterprise Fund</u>	<u>Greenwood Utilities Fund</u>	<u>Other Enterprise Funds</u>	<u>Total</u>	<u>Activities - Internal Service Fund</u>
Cash flows from operating activities					
Receipts from customers and users	\$ 3,677,548	\$ 30,325,873	\$ 1,787,408	\$ 35,790,827	\$ -
Receipts from Greenwood Public Schools	-	500,895	-	500,895	-
Receipts from the Greenwood-Leflore Industrial Board and other agencies	-	203,794	-	203,794	-
Receipts from other funds	-	520,372	-	520,372	-
Receipts from interfund services provided	-	-	-	-	1,242,133
Receipts from other governments	2,019,342	-	-	2,019,342	67,645
Receipts for sewer & solid waste collections for others	-	5,683,259	-	5,683,259	-
Receipts from customer meter deposits	-	174,685	-	174,685	-
Receipts from other revenue	9,175	635,935	23,937	669,047	2,903
Payments for loss claims	-	-	(13,610)	(13,610)	(1,285,728)
Payments to suppliers for goods and services	(3,369,483)	(21,970,861)	(922,450)	(26,262,594)	-
Payments to employees	(747,700)	(4,604,544)	(924,534)	(6,276,778)	-
Payments to other governments	-	-	-	-	-
Payments for sewer and solid waste collections for others	-	(5,644,387)	-	(5,644,387)	-
Payments for customer meter deposit refunds	-	(81,135)	-	(81,135)	-
Payments for interfund services used	3,053	-	-	3,053	-
Net cash provided by (used for) operating activities	<u>1,591,935</u>	<u>5,753,886</u>	<u>(49,251)</u>	<u>7,296,570</u>	<u>26,953</u>
Cash flows from noncapital financing activities					
Transfers from other funds	202,427	-	97,023	299,450	-
Transfers to Greenwood Public Schools	-	(191,361)	-	(191,361)	-
Transfers to the Greenwood-Leflore Industrial Board and other agencies	-	(44,114)	-	(44,114)	-
Transfers to other funds	-	(1,606,418)	-	(1,606,418)	-
Net cash provided by (used for) noncapital financing activities	<u>202,427</u>	<u>(1,841,893)</u>	<u>97,023</u>	<u>(1,542,443)</u>	<u>-</u>
Cash flows from capital and related financing activities					
Acquisition and construction of capital assets	(21,846,757)	(2,241,283)	(132,757)	(24,220,797)	-
Proceeds from sales of capital assets/scrap metal	-	23,057	2,438	25,495	-
Capital & operating grants & contributions received	48,016	-	-	48,016	-
Loan proceeds	21,858,753	-	-	21,858,753	-
Principal paid on capital debt	(943,767)	-	(149,711)	(1,093,478)	-
Interest paid on capital debt	(200,994)	-	(331)	(201,325)	-
Net cash provided (used) for capital and related financing activities	<u>(1,086,749)</u>	<u>(2,218,226)</u>	<u>(280,381)</u>	<u>(3,585,338)</u>	<u>-</u>
Cash flows provided by (used for) investing activities					
Purchase of investment securities	-	(3,050,000)	-	(3,050,000)	-
Proceeds from sale and maturities of investment securities	-	8,800,000	-	8,800,000	-
Interest on investments	8,285	22,155	1,941	32,381	460
Net cash provided by (used for) investing activities	<u>8,285</u>	<u>5,772,155</u>	<u>1,941</u>	<u>5,782,381</u>	<u>460</u>
Net Increase (decrease) in cash and cash equivalents	<u>715,898</u>	<u>7,465,922</u>	<u>(230,848)</u>	<u>7,951,172</u>	<u>27,413</u>
Cash and cash equivalents at beginning of year	9,381,497	2,677,604	532,200	12,601,301	319,121
Cash and cash equivalents at end of year	<u>\$ 10,107,395</u>	<u>\$ 10,143,526</u>	<u>\$ 301,552</u>	<u>\$ 20,552,473</u>	<u>\$ 346,534</u>

	<u>Sewage Enterprise Fund</u>	<u>Greenwood Utilities Fund</u>	<u>Other Enterprise Funds</u>	<u>Total</u>	<u>Governmental Activities - Internal Service Fund</u>
Reconciliation of operating income to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 1,735,202	\$ 2,768,288	\$ (127,927)	\$ 4,375,563	\$ (1,982)
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:					
Depreciation expense	623,797	2,651,663	134,786	3,410,266	-
Provision for bad debts	-	153,032	-	153,032	-
(Increase) decrease in accounts receivables, net	-	(476,212)	-	(476,212)	33,572
(Increase) decrease in due from other governments	2,019,342	7,628	50,000	2,076,970	-
(Increase) decrease in due from other funds	(44,011)	1,997	(29,035)	(71,049)	-
(Increase) decrease in other receivables	-	272,877	-	272,877	-
(Increase) decrease in inventories	-	402,939	-	402,939	-
(Increase) decrease in prepaid expenses	(1,028)	(26,317)	(471)	(27,816)	-
(Increase) decrease in restricted group medical insurance claims receivable	-	44,372	-	44,372	-
Increase (decrease) in accounts payable	(2,750,691)	(95,268)	(25,037)	(2,870,996)	(4,637)
Increase (decrease) in accrued salaries & benefits payable	2,638	(24,196)	2,580	(18,978)	-
Increase (decrease) in customer deposits	-	93,550	-	93,550	-
Increase (decrease) in accrued compensated absences	3,633	(34,589)	(4,147)	(35,103)	-
Increase (decrease) in due to other funds	3,053	2,489	(50,000)	(44,458)	-
Increase (decrease) in due to other governments	-	(23,610)	-	(23,610)	-
Increase (decrease) in collections for other governments	-	605	-	605	-
Increase (decrease) in sewer and solid waste collected for the city	-	69,993	-	69,993	-
Increase (decrease) in other payables	-	(10,053)	-	(10,053)	-
Increase (decrease) in sales tax payable	-	1,825	-	1,825	-
Increase (decrease) in restricted medical insurance claims payable	-	(27,147)	-	(27,147)	-
Total adjustments	(143,267)	2,985,598	78,676	2,921,007	28,935
Net cash provided by operating activities	\$ 1,591,935	\$ 5,753,886	\$ (49,251)	\$ 7,296,570	\$ 26,953
Noncash investing, capital and financing activities:					
During the year, Greenwood Utilities and the Sewage Enterprise Fund did not receive any noncash capital contributions from developers consisting of water and electric distribution and sewer distribution infrastructure.					
Reconciliation of total cash and cash investments:					
Current assets - cash and cash investments	\$ 2,283,770	\$ 5,032,408	\$ 301,552	7,617,730	\$ 346,534
Restricted assets - cash and cash investments	7,823,625	5,111,118	-	12,934,743	-
Total cash and cash investments	\$ 10,107,395	\$ 10,143,526	\$ 301,552	\$ 20,552,473	\$ 346,534



**City of Greenwood, Mississippi
Statement of Fiduciary Net Position
Fiduciary Funds
September 30, 2014**

	AGENCY FUNDS
ASSETS	
Cash and cash equivalents	\$ 337,487
Property taxes receivable	6,067,260
	\$ 6,404,747
LIABILITIES	
Due to other governments	\$ 181,552
Accrued payroll taxes and benefits payable	152,335
Unavailable revenue - property taxes	6,067,260
Other liabilities	3,600
	\$ 6,404,747



CITY OF GREENWOOD, MISSISSIPPI
Notes to Financial Statements
September 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. GENERAL STATEMENT

The City of Greenwood, Mississippi, (the City) is incorporated under the laws of the State of Mississippi. The City operates under the Mayor-Council form of government with a full-time Mayor elected from the City at large and seven part-time Council members (City Council) elected from wards. The City's major operations include police and fire protection, public works, sewer and solid waste, parks and recreation and general administrative services. In addition, the City owns and operates an electric and water utility system.

The Mississippi Delta is an agricultural based economy. The economic stability of the taxpayers and utility customers of the City of Greenwood is significantly affected by this environment.

The City's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the City are discussed below.

The City's basic financial statements include the accounts of all City operations. The criteria for including organizations as component units within the City's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

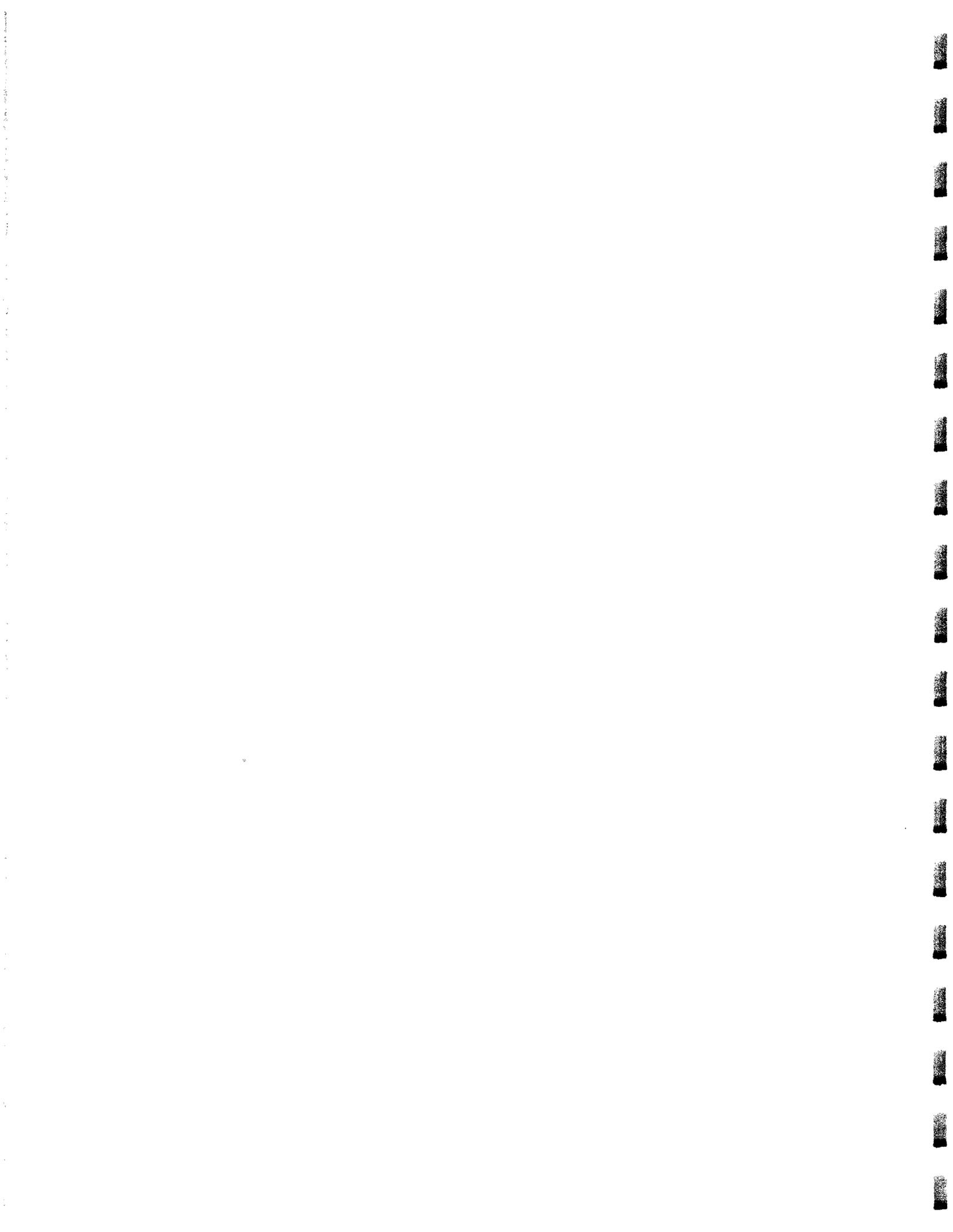
- The organization is legally separate (can sue and be sued in their own name)
- The City holds the corporate powers of the organization
- The City appoints a voting majority of the organization's board
- The City is able to impose its will on the organization
- The organization has the potential to impose a financial benefit/burden on the City
- There is fiscal dependency by the organization on the City

Based on the aforementioned criteria, the City of Greenwood has three component units as described below.

Blended Component Unit:

Greenwood Utilities is a municipal-owned utility system, consisting of electrical and water production and distribution and is not legally separate from the City. The City of Greenwood holds the utilities' corporate powers, and the Mayor appoints all three Utility Commission members subject to council approval.

Greenwood Utilities is presented as a proprietary fund type and operates on a September 30 fiscal year. Complete financial statements for the Greenwood Utilities may be obtained at its administrative office located at 101 Wright Place, Greenwood, Mississippi.



CITY OF GREENWOOD, MISSISSIPPI
Notes to Financial Statements
September 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Discretely Presented Component Units:

The Greenwood Tourism Commission was established by Chapter 813, local and private laws of 1989, of the Mississippi legislature and is legally separate from the City. The act has been extended and amended in 1994 and 1999 by the Mississippi legislature. The Mississippi House of Representatives passed a new bill, House Bill 1569, which extends the funding of the Greenwood Tourism Commission until September 30, 2014. The Mayor appoints seven of the thirteen members of the Tourism Commission subject to Council approval. The City Council approves the Tourism's budget. The Greenwood Tourism Commission is presented as a governmental fund type. Complete financial statements for the Tourism Commission may be obtained at its administrative office located at 111 Market Street, Greenwood, Mississippi.

The Greenwood-Leflore Public Library was established under Section 39-3-8 of the Mississippi Code of 1942, as annotated and is legally separate from the City. The Mayor appoints three of the five members on the library board subject to Council approval. The City Council makes annual appropriations along with county appropriations necessary to fund the library's operations. The Greenwood-Leflore Public Library is presented as a governmental fund type. Complete financial statements for the Greenwood-Leflore Public Library may be obtained at its administrative office located at 405 West Washington, Greenwood, Mississippi.

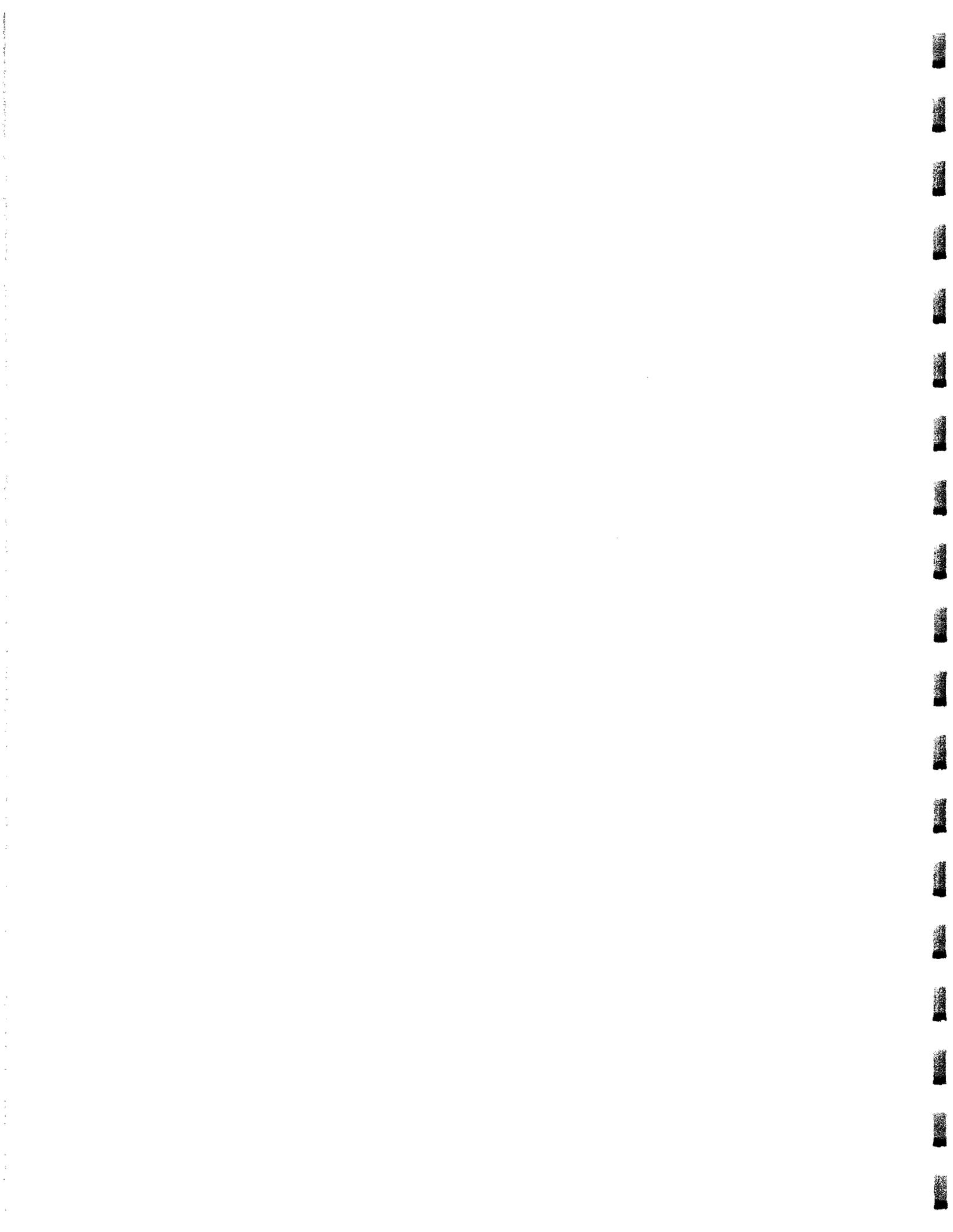
The following organizations for which the City is not considered financially accountable have been excluded from the accompanying financial statements. Each agency is fiscally independent from the City, issues its own debt, approves its own budget, and sets its own rates and charges. The primary government has no authority to remove board members, designate management, or approve or modify rates. The City is not obligated in any manner for the debt issues of these agencies. Financial statements for these agencies can be obtained at the following addresses:

- Greenwood Public Schools, 401 Howard Street, Greenwood, MS 38930
- Greenwood-Leflore Airport, 502A Airport Road, Greenwood, MS 38930
- Greenwood Housing Authority, 111 East Washington, Greenwood, MS 38930
- Greenwood-Leflore Industrial Board, 402 Hwy 82, Greenwood, MS 38930
- Greenwood-Leflore Hospital, 1401 River Road, Greenwood, MS 38930

B. BASIC FINANCIAL STATEMENTS - GOVERNMENT-WIDE AND FUND LEVEL STATEMENTS

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The City's police and fire protection, parks and recreation, public works, and general administrative services are classified as governmental activities. The City's sewer, solid waste and electric and water utilities are classified as business-type activities.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on the consolidated basis by column, (b) and are reported on the full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net



CITY OF GREENWOOD, MISSISSIPPI
Notes to Financial Statements
September 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

position is reported in three parts: net investment in capital assets, restricted net position; and unrestricted net position. The City first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the City's functions (police, fire, public works, etc.) and business-type activities. The Statement of Activities demonstrates the degree to which the direct expenses for a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to applicants who use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (police, fire, public works, etc.) or a business-type activity. Taxes and other items not properly included among program revenues are reported instead as general revenues. The net costs (by function or business-type activities) are normally covered by general revenue (property, sales or gas tax, intergovernmental revenues, interest income, etc.).

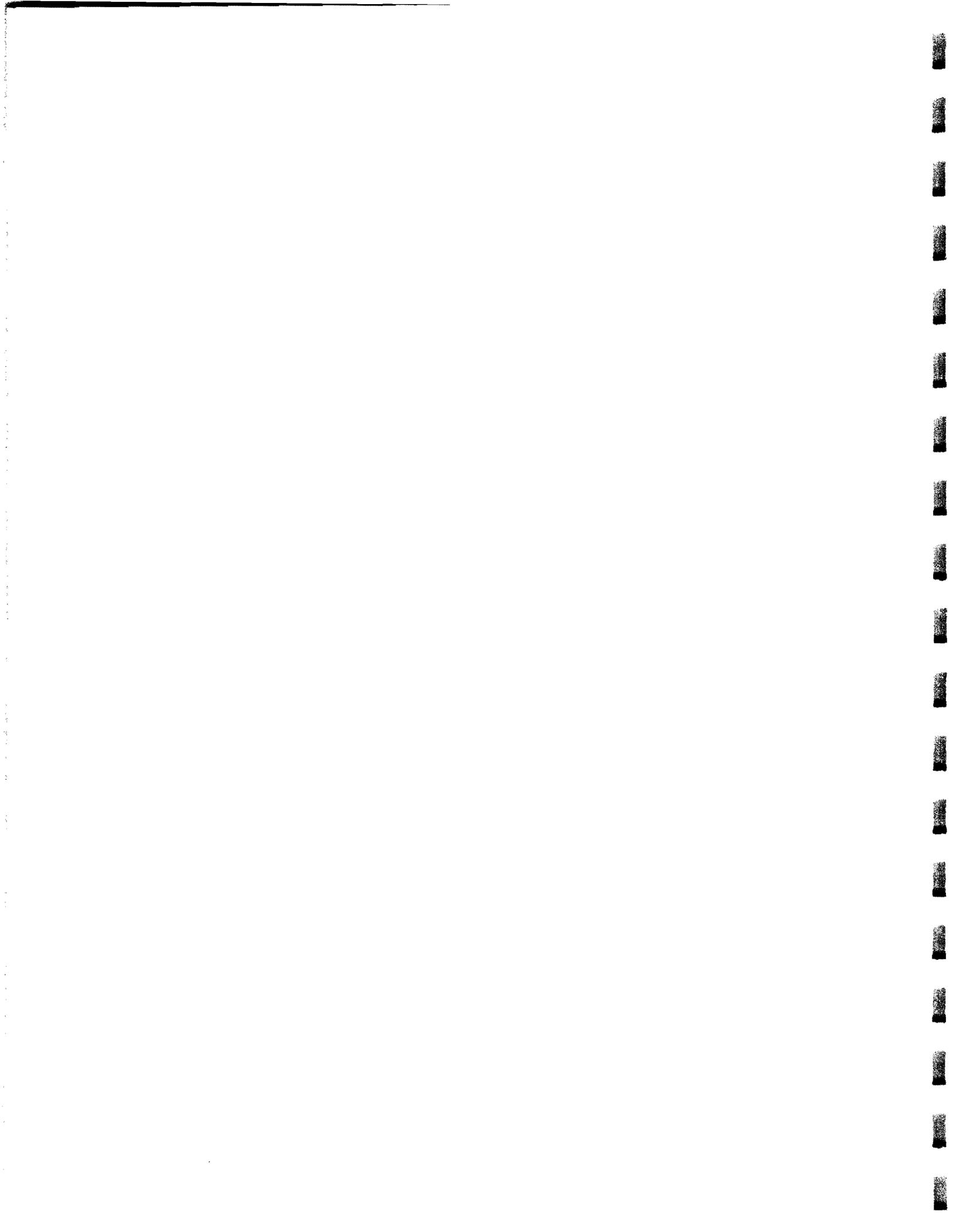
The City does not allocate indirect costs.

The government-wide focus is more on the sustainability of the City as an entity and the changes in the City's net position resulting from the current year's activities. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary agency funds, even though the latter are excluded from the government-wide financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures/expenses. Major individual governmental funds and major individual enterprise funds are reported as separate columns in their fund financial statements.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's proprietary funds and of the City's internal service fund are charges to customers for sales and services. Operating expenses for the proprietary funds and internal service fund include the cost of sales and services, direct administrative services, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Agency funds are used to report resources in a purely custodial capacity (assets



CITY OF GREENWOOD, MISSISSIPPI
Notes to Financial Statements
September 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

equal liabilities). So, agency funds cannot be said to have a measurement focus; however, they do use the accrual basis of accounting to recognize receivables and payables. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

Property taxes, franchise fees, intergovernmental revenues, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the City receives cash.

The City reports the following major governmental funds:

General Fund - The General Fund is the City's primary operating fund. It accounts for all financial transactions of the City, except those required to be accounted for in another fund.

The City reports the following major proprietary funds:

Sewage Enterprise Fund - This fund accounts for activities associated with the provision of sewer services to individuals, organizations and other governmental units within and around the City.

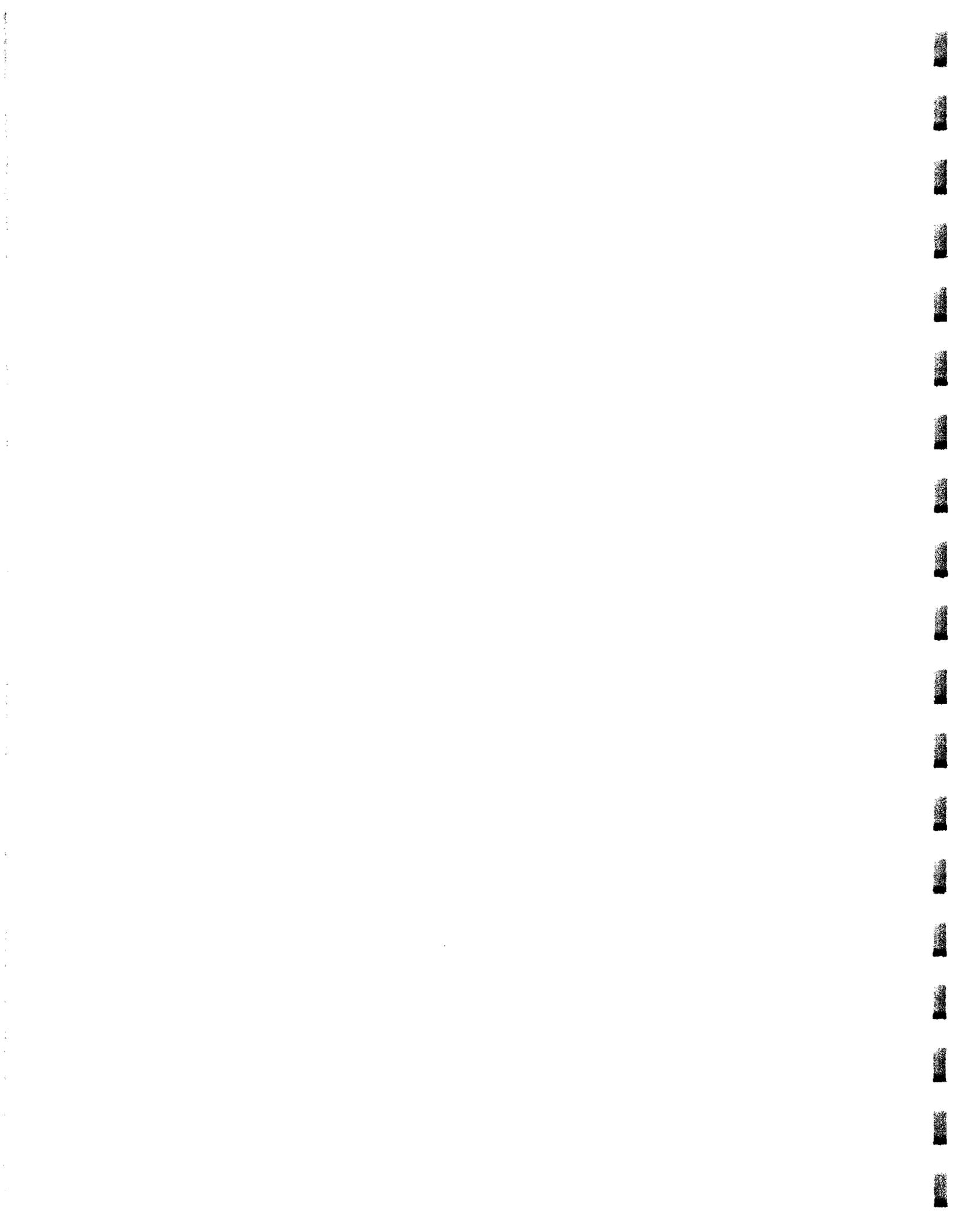
Greenwood Utilities Fund - This fund accounts for activities associated with the provision of electric and water services to individuals, organizations and other governmental units within and around the City.

Additionally, the City reports the following fund types:

The *Internal Service fund* is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a cost-reimbursement basis.

Fiduciary funds:

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support City programs. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to



CITY OF GREENWOOD, MISSISSIPPI
Notes to Financial Statements
September 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

proprietary funds. The purpose of the City's agency funds is to collect and remit to the related organizations various revenues.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB No. 34 sets forth the minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a separate column in the fund financial statements.

The City's internal service fund is presented in the proprietary funds financial statement. Because the principal users of the internal services are the City's governmental activities, the financial statements of the internal service fund are consolidated into the governmental activities column when presented in the government-wide financial statements. To the extent possible, the cost of these services is reported in the appropriate functional activity (police, fire, public works, sewer, solid waste, etc.).

The City's fiduciary funds are presented in the fiduciary fund financial statements by type (private purpose and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND NET POSITION OR FUND EQUITY

1. Cash and Cash Equivalents

Cash and cash equivalents include demand deposit accounts, petty cash, and certificates of deposit with a maturity date generally within 90 days of the date acquired by the City. Collateral, as further discussed in Note 3, is pledged by the various financial institutions to secure City funds.

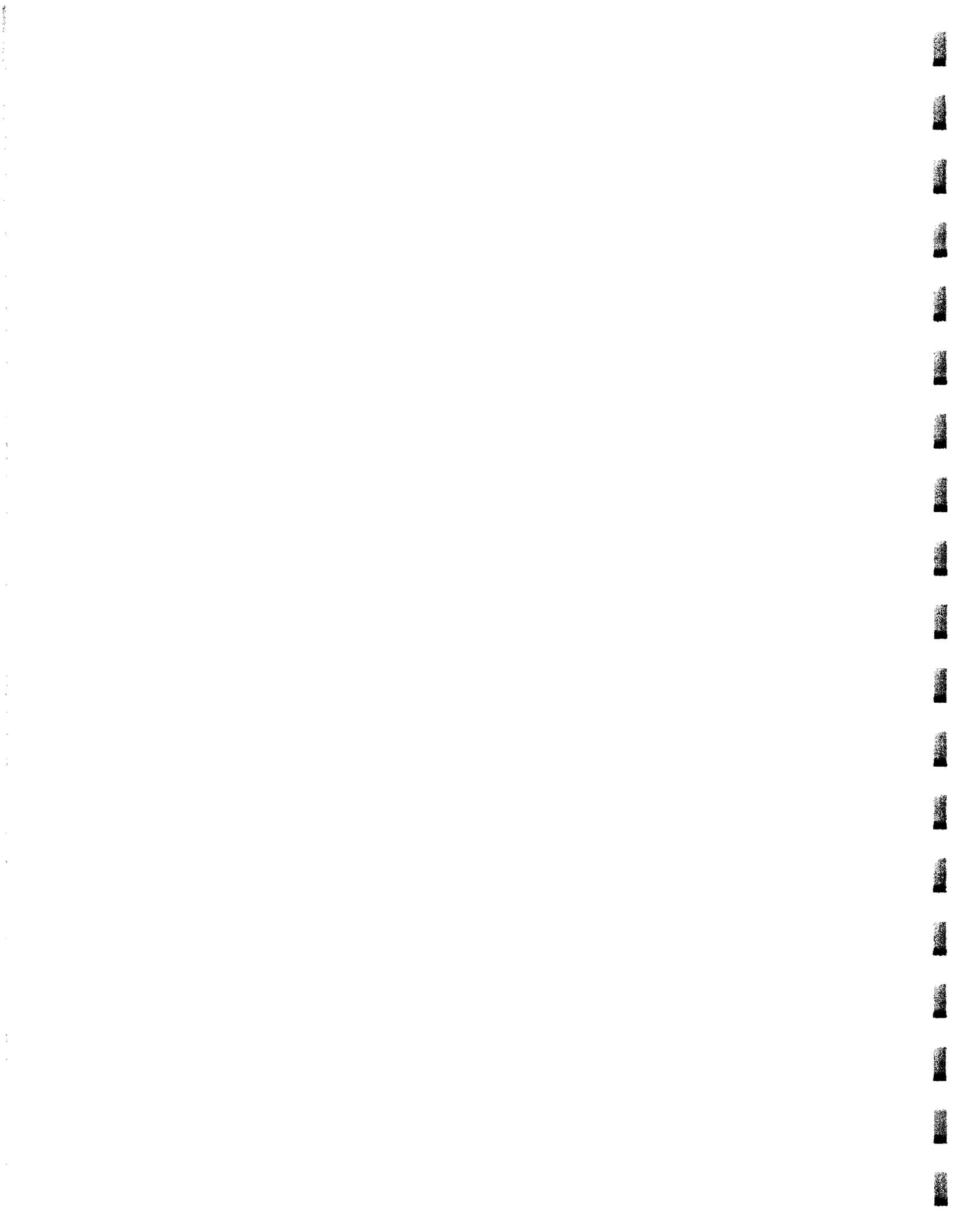
2. Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Greenwood Utilities recognized revenue from meters read on a monthly cycle basis. Service that has been rendered from the latest date of each meter reading to month-end is estimated and accrued as unbilled revenue receivables. Unbilled revenue receivables represent \$1,508,044 of total receivables at September 30, 2014.

3. Investments

Investments, consisting only of certificates of deposit with a maturity date greater than ninety days of the date acquired, are stated at cost. Statutes authorize the City to invest in U.S. Government obligations, U.S. Government agency obligations, State of Mississippi obligations, and obligations of a corporation of the U.S. government.



CITY OF GREENWOOD, MISSISSIPPI
Notes to Financial Statements
September 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

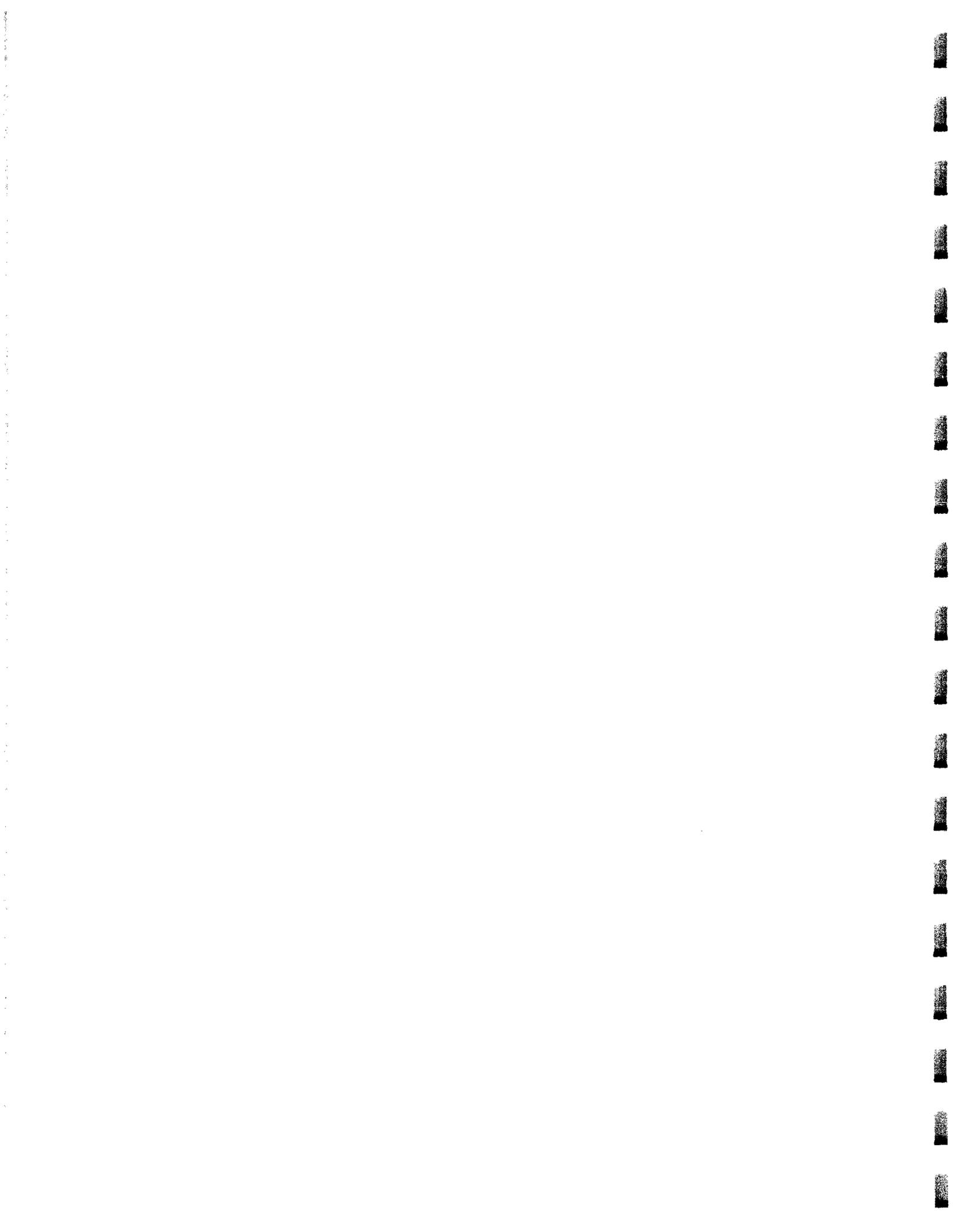
Investments owned during the year were the same as those held at year-end.

4. Restricted Assets

Restricted assets consist of the following categories:

- The "customer deposits" account is used to segregate refundable customer deposits collected and held in trust until refunded or applied to the customer's account.
- The "unemployment compensation allowance" account is used to report resources set aside, as required by Mississippi Department of Employment Security, to meet unemployment compensation claims relating to the period as a reimbursable employer.
- The "capital improvement reserve" account is used to report resources set aside to replace units of property that have exceeded their useful life and for capital improvements to the system to meet growth.
- The "rate stabilization reserve" account is used to report resources set aside to allow gradual increases in rates rather than sharp increases. A sharp increase may be caused by unforeseen higher purchased power cost or a rapid increase in fuel cost.
- The "disaster and emergency reserve" account is used to report resources set aside to provide emergency repairs or replacements of capital assets damaged or destroyed by catastrophic acts or other disasters.
- The "litigation contingent reserve" account is used to assist in the funding of all litigation.
- The "capacity purchase reserve" account is used to assist in the funding of any future purchase of capacity or installation of generating facilities.
- The "Wright Station capacity reserve" is used to report resources for generation repowering or other generation improvements.
- The "Wright Station capital reserve" will be used for the refurbishing of Wright Station for generation purposes.
- The "group medical claims payable" account is used to finance medical claims under the utilities self-insurance medical plan.

Sewage Enterprise restricted assets consist of a revenue fund and a debt service fund.



CITY OF GREENWOOD, MISSISSIPPI
Notes to Financial Statements
September 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

5. Materials and Supplies Inventories

The Greenwood Utilities' materials and supplies inventories are valued at cost using the average cost method of inventory valuation. Any damaged or obsolete inventory is written down to fair market value. As further discussed in Note 7, Greenwood Utilities wrote down its coal inventory to \$0 during 2014.

6. Capital Assets

Capital assets purchased or acquired are carried at historical cost. Contributed assets are recorded at fair market value at the date received. The cost of normal maintenance and repairs that does not add to the value of capital assets or materially extend their respective lives are not capitalized. Interest expenditures during the construction period are capitalized on capital assets.

The City's classes of capital assets and their capitalization levels are: land - cost or fair market value; buildings and building improvements - \$50,000; improvements other than buildings - \$25,000; machinery and equipment - \$5,000; mobile equipment - \$10,000; and infrastructure - cost or fair market value.

Capital assets, excluding land and construction in progress, are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	33.3-40 years
Improvements other than buildings	20 years
Electric, water and sewer system	20-50 years
Infrastructure	20-50 years
Heavy machinery and equipment	5-25 years
Other furniture and equipment	7 years
Vehicles	5 years
Computer equipment and peripherals	3-5 years

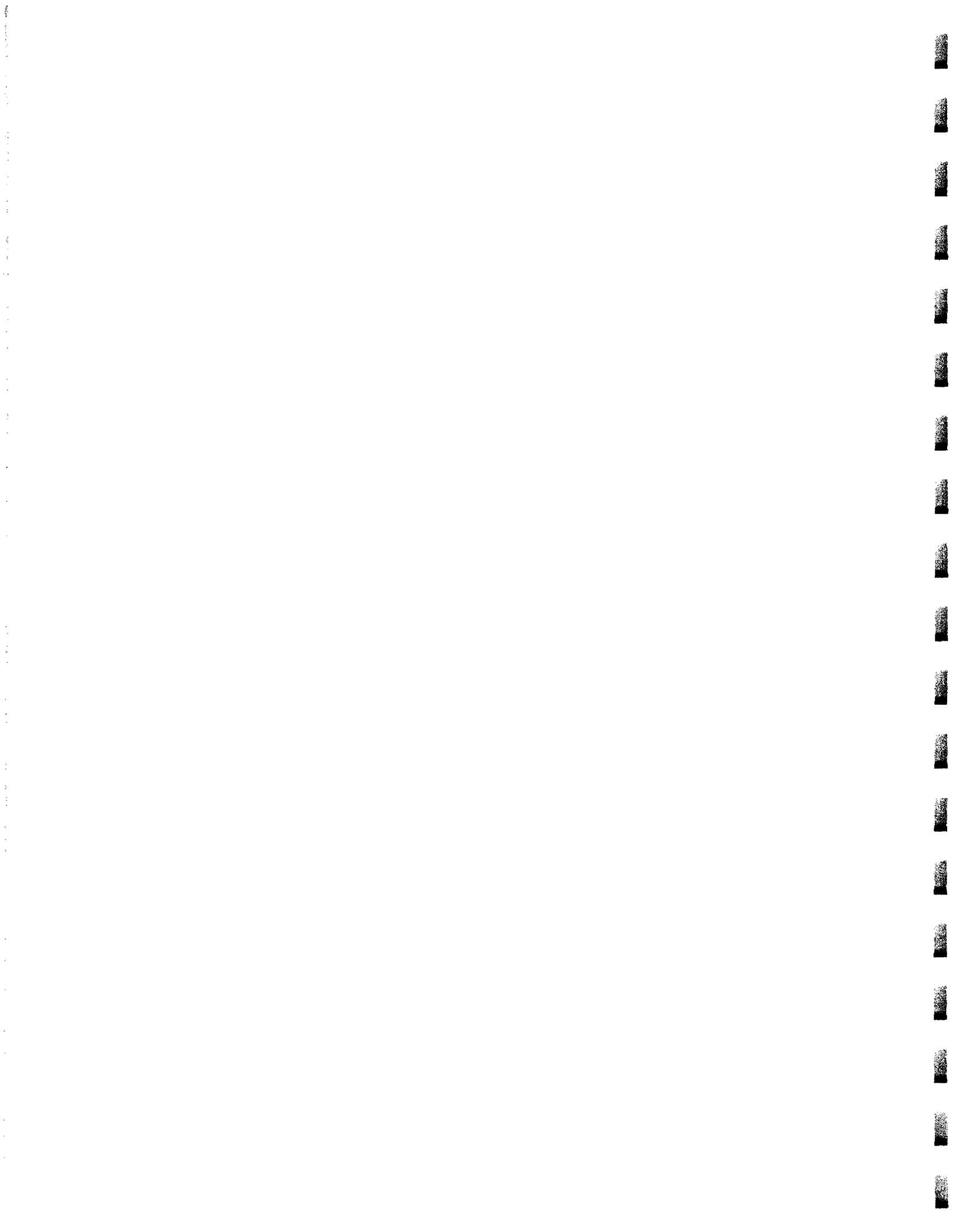
Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), sidewalks, etc.

7. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

8. Deferred Outflows of Resources

In addition to assets, the statements of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resource (expense) until then. The City did not enter into any transactions during the year that qualify for reporting in this category.



CITY OF GREENWOOD, MISSISSIPPI
Notes to Financial Statements
September 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

9. Compensated Absences

City of Greenwood:

The City accrues accumulated unpaid personal leave and associated employee-related costs when earned (or estimated to be earned) by employees up to 80 hours for less than 10 years of service and 120 hours for more than 10 years of service. For the proprietary funds and the government-wide statements, the current portion is the amount estimated for use in the following year. In accordance with GAAP, for the governmental funds, in the funds financial statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represent a reconciling item between the fund level and government-wide presentation. The compensated absences liability is liquidated by the following funds: general fund, special revenue, sewer and solid waste.

Unused sick leave is not paid upon termination, but will be paid only upon illness while in the employment of the City.

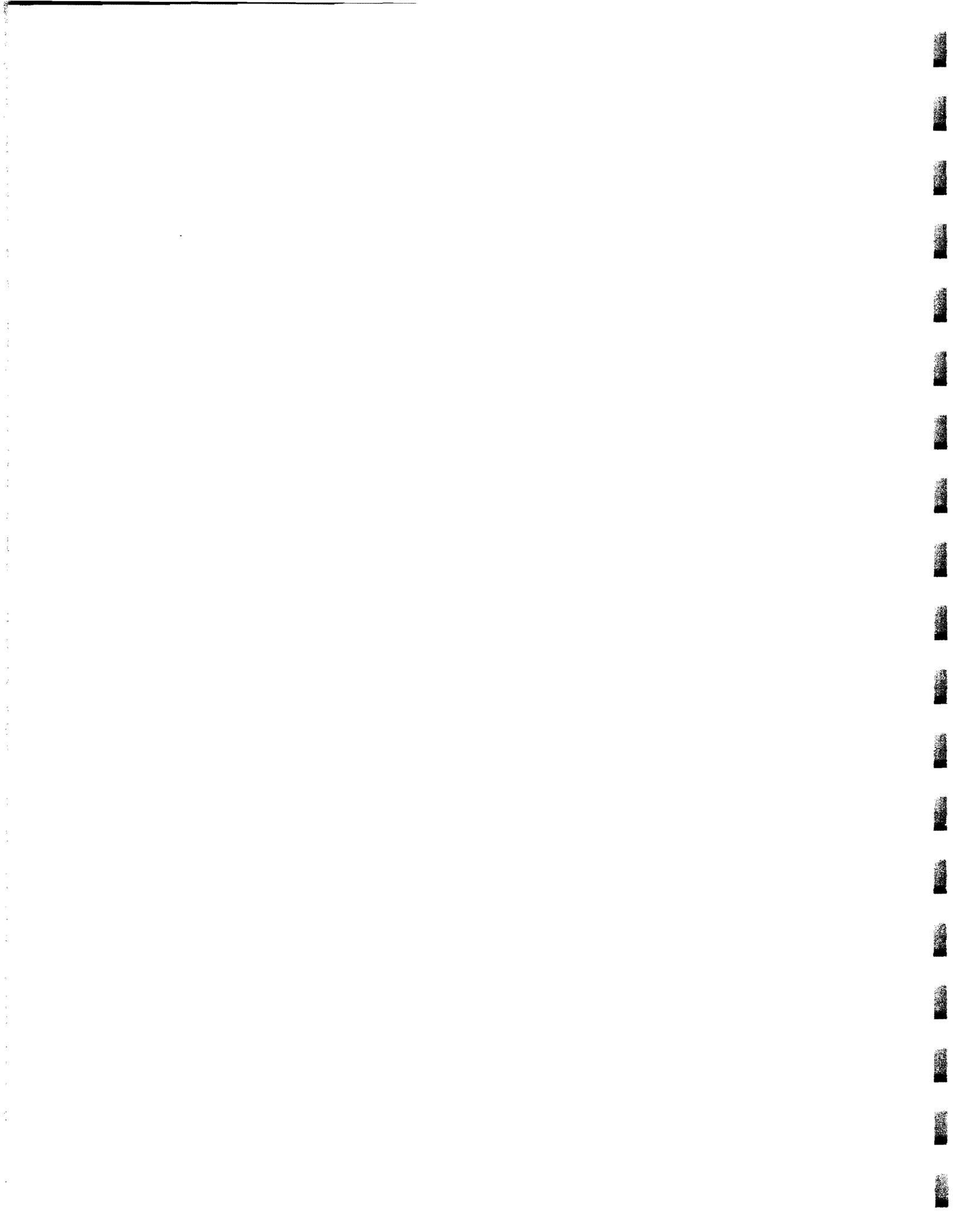
Greenwood Utilities:

Personnel policies of Greenwood Utilities allow for ten days of vacation per year after one year of continued employment and fifteen days of vacation after ten years of continued employment. No payment of accrued personal leave is paid upon termination of employment; therefore, all personal leave is taken before resigning or retiring. Payment of accrued medical leave is authorized only when the employee retires; no payment is made upon termination or resignation.

At September 30, 2014, Greenwood Utilities has recorded both the current and long-term portion of the accumulated unpaid personal leave that is expected to be paid. The liability for accrued vacation is computed using the specific identification method, whereby the actual number of vacation leave hours accumulated by each employee is multiplied by the employee's hourly rate at September 30, 2014. The liability for medical leave is computed using the specific identification method, whereby the actual number of medical leave hours accumulated by each employee, for all employees with 20 years or more service, is multiplied by the employee's hourly rate at September 30, 2014. The resulting liability to each employee is then increased to include social security, for both accrued vacation and medical, and retirement contributions, for accrued vacation, the employer is required by law to pay as a percentage of compensation upon liquidation of the liability for accumulated personal leave.

10. Deferred Inflows of Resources

In addition to liabilities, the balance sheet and statements of net position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resource (revenue) until that time. The City has two items that qualify for reporting in this category. The unavailable revenue - property taxes and bond premium reported in the balance sheet and statements of net position, which arises under a modified accrual basis of accounting, represents amounts that are deferred and recognized as an inflow of resources in the periods that the amounts become available. The unavailable revenues - property taxes that are reported in the statement



CITY OF GREENWOOD, MISSISSIPPI
Notes to Financial Statements
September 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

of net position and balance sheet, arise from imposed nonexchange revenues (property taxes) which are assessed prior to the end of the fiscal year but levied in the subsequent year. The bond premium in the statements of net position is being amortized over the life of the bonds.

11. Interfund Activity

Interfund activity is 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 fair market rates are treated as revenues and expenditures/expenses. Reimbursements are 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 between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

12. Revenues

Substantially all governmental fund revenues are accrued. Property taxes are recognized at the levy date. All property taxes are billed, collected and recognized as revenue within the same period for which they are levied. Subsidies and grants to proprietary funds, which finance either capital or current operations are reported as non-operating revenues.

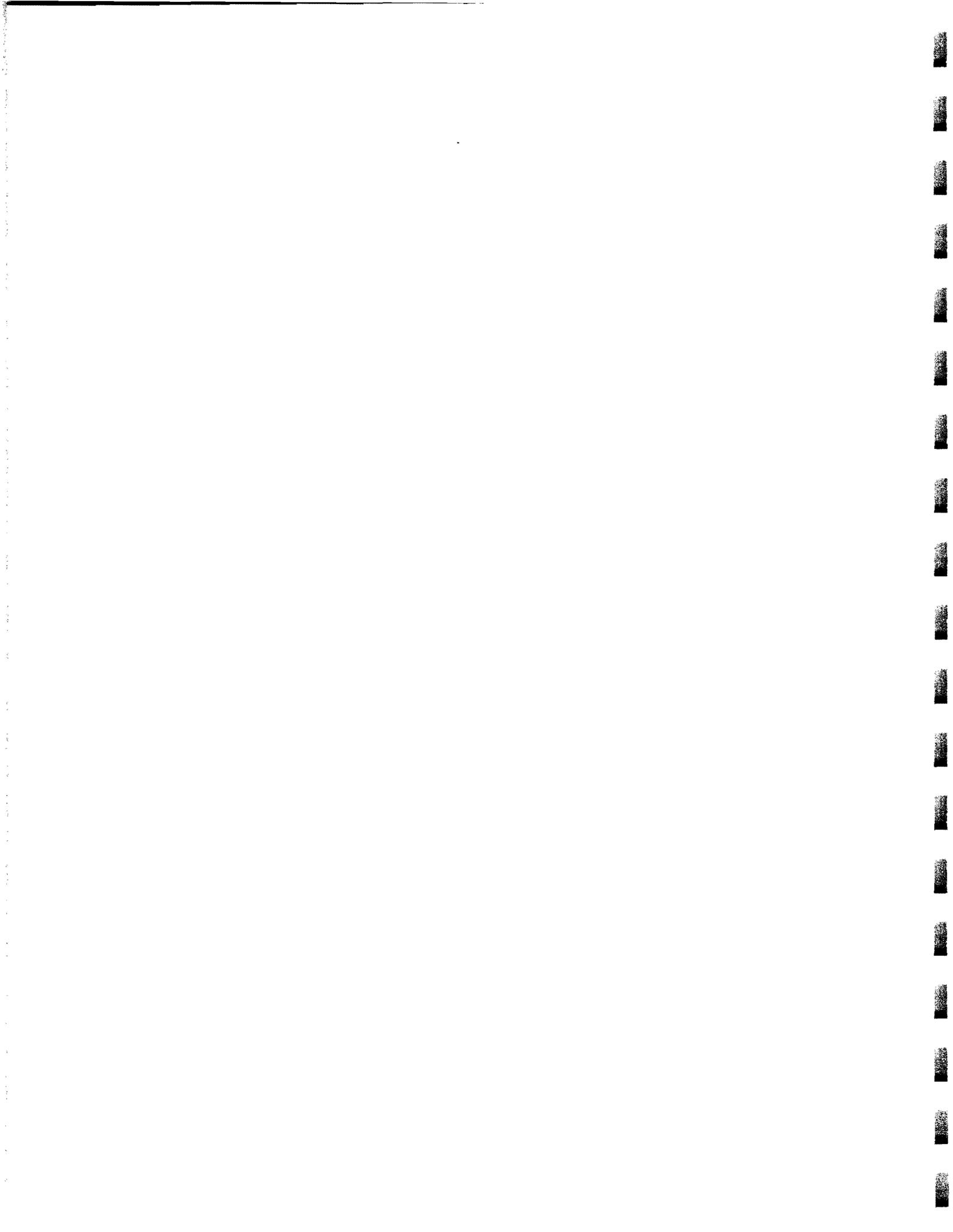
Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and of the government's internal service fund are charges to customers for sales and services. Operating expenses for enterprise funds and the internal service fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. In applying GASBS No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenues when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and unearned revenue by the recipient.

13. Expenditures

Expenditures are recognized when the related fund liability is incurred. Inventory costs are reported in the period when the inventory items are consumed, rather than in the period purchased.

14. Fund Equity

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components - nonspendable, restricted, committed, assigned and unassigned.



CITY OF GREENWOOD, MISSISSIPPI
Notes to Financial Statements
September 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Nonspendable - This component includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted - This component consists of amounts that have constraints placed on them either externally by third-parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the City to assess, levy, charge or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.

Committed - This component consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City's highest level of decision-making authority which includes the city charter, ordinances or resolutions. Those committed amounts cannot be used for any other purpose unless the City removes or changes the specified use by taking the same type of action (city charter, ordinance or resolution) it employed previously to commit those amounts.

Assigned - This component consists of amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. The City had not adopted a fund balance policy as of September 30, 2014.

Unassigned - This classification represents amounts that have not been restricted, committed or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount.

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

15. Pension Expenses

The City funds pension expenses as required by applicable statute. Two plans, funded from both City and employee contributions are described in Note 4.

16. Post-Employment Health Care and Life Insurance Benefits

The City and Greenwood Utilities do not incur costs associated with post-employment benefits for retired employees.

17. Use of 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, deferred outflows of resources, liabilities, deferred



CITY OF GREENWOOD, MISSISSIPPI
Notes to Financial Statements
September 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

inflows of resources and disclosures. Actual results could differ from those estimates.

18. Taxes Collected from Customers and Remitted to Governmental Authorities

Taxes collected from customers and remitted to governmental authorities by Greenwood Utilities are presented in the accompanying statements of revenues, expenses, and changes in net position on a net basis.

19. Future Accounting Pronouncements

The City will adopt the following new accounting pronouncements in future years:

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, (GASB 68) is effective for periods beginning after June 15, 2014. This statement requires the recognition of the entire net pension liability attributable to the governmental entity and provides for a more comprehensive measure of pension expense for employer and governmental nonemployer contributing entity financial reports. Management has yet to determine the impact on the financial statements.



CITY OF GREENWOOD, MISSISSIPPI
Notes to Financial Statements
September 30, 2014

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The City follows these procedures in establishing budgetary data reflected in the financial statements.

1. The City Clerk prepares estimates of available revenue.
2. Department directors submit proposed expenditure budgets to the City Clerk by August of each year.
3. The City Clerk reviews expenditure budgets, and necessary revisions are communicated to department directors.
4. Budgeted revenues and expenditures are balanced, and a summary budget is prepared and presented to the Mayor.
5. The Mayor submits the proposed budget to the City Council. The final budget is approved by September 15 and must be published in a local newspaper on or before September 30.
6. The budget is formally amended in September each year or any time that budget revisions through funds reallocation are necessary or a budget deficit is indicated.
7. The City prepares annual budgets for the General Fund, Special Revenue Funds, Debt Service Funds, Capital Projects Funds, Enterprise Funds and Internal Service Fund. Budgets for the Enterprise Funds are prepared on a modified-cash basis excluding depreciation and bad debt expense and including debt retirement payments. Budgets for the General Fund, Special Revenue Funds, Debt Service Funds, Internal Service Fund and Capital Projects Funds are prepared in accordance with state law. State law requires that the City's budget be prepared on a modified-cash basis of accounting. All revenue is accounted for under the cash basis. Claims that have been incurred prior to the end of the year and are paid before October 31 are charged against the current year's budget. If the claim is incurred prior to the end of the year but paid after October 30, it is charged against the budget for the subsequent year. This required budgetary basis is not considered a generally accepted accounting principle in the United States of America. Budget and actual comparisons are presented in the accompanying financial statements for all governmental activities that are considered to be major funds under GASB 34 guidelines.

During the fiscal year, several adjustments are normally required to the adopted budget. The approved budget may be amended as required in accordance with the following protocol:

- Revenues are reviewed and projections are adjusted if warranted. These adjustments to expected revenues, if material, can precipitate adjustments to the expenditure budget.
- Adjustments to transfer approved expenditure budgets from one department to another or to transfer from one category to another within a department must be approved by the City Council.



CITY OF GREENWOOD, MISSISSIPPI
Notes to Financial Statements
September 30, 2014

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED):

- All new appropriations must be approved by the City Council and are normally submitted by the Mayor's office.

The legal level of control for all budgets adopted is at the category level by fund with the exception of the General Fund, which is appropriated at the category level by department. Administrative control for all budgets is maintained through the establishment of more detailed line-item budgets.

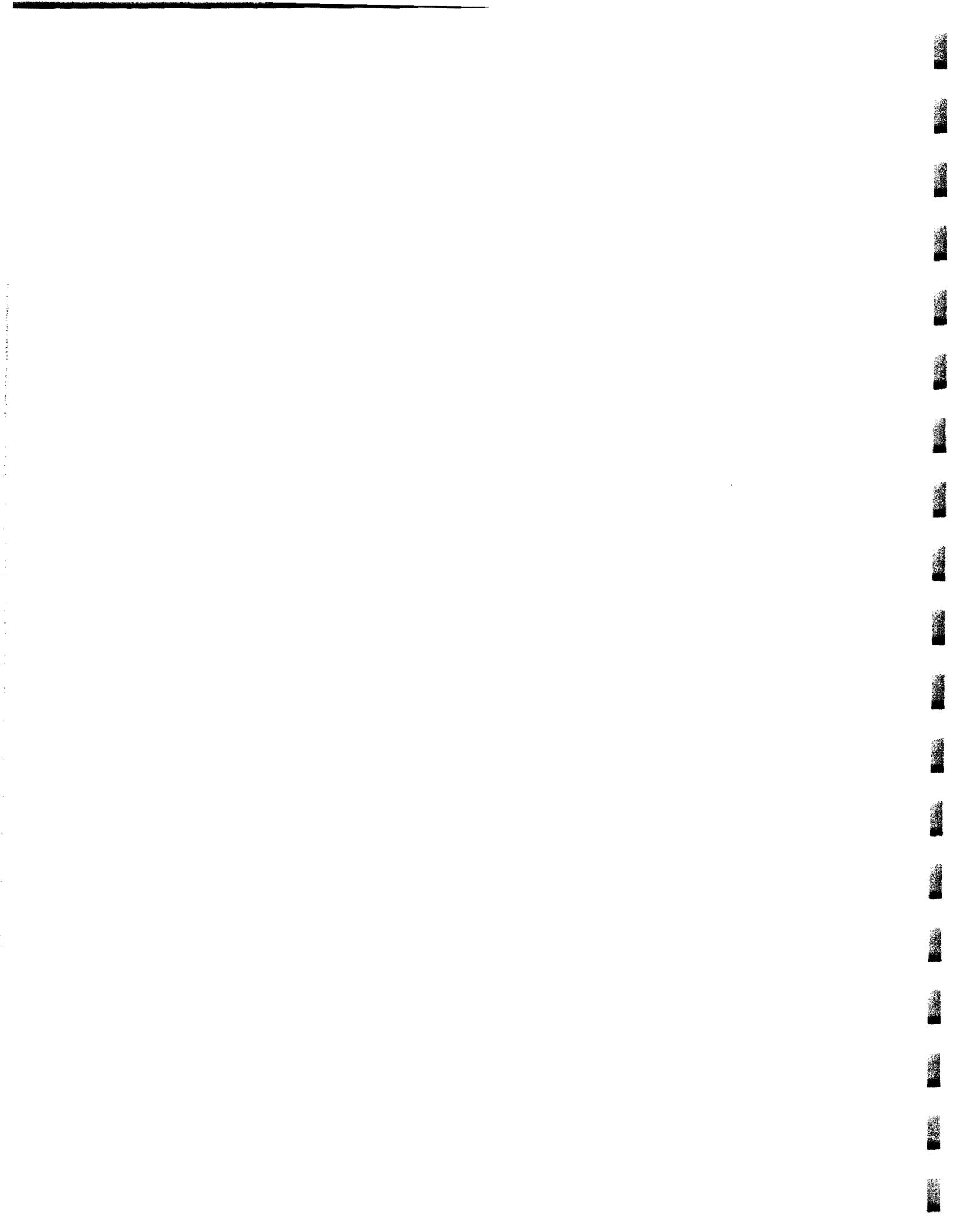
The City Clerk exercises budgetary monitoring throughout the fiscal year. An adopted budget may not exceed its appropriated level without City Council approval. The City Clerk advises the Mayor whenever a requested expenditure will exceed budgeted amounts. The City Council may approve expenditures in excess of budgeted amounts in various funds or departments as appropriate, as long as total annual expenditures do not exceed available resources. Adjustments in expenditure rates, if necessary, are implemented by the City Council as required, so that the total expenditures and resources will remain in balance throughout the year.

8. Budgeted expenditure or expense amounts (including transfers out) as originally adopted were amended by the City Council as provided by law, as follows:

	Originally Adopted Budget	Budget As Amended	Increase (Decrease)
General Fund	\$ 11,614,083	\$ 11,673,870	\$ 59,787
Other General Funds	416,001	565,131	149,130
Special Revenue Funds	151,757	5,274,088	5,122,331
Debt Service Funds	688,461	829,211	140,750
Enterprise Funds	8,047,110	68,318,658	60,271,548
Internal Service Fund	1,429,951	1,429,951	-
	<u>\$ 22,347,363</u>	<u>\$ 88,090,909</u>	<u>65,743,546</u>

The above figures do not include the budgets for Greenwood Utilities, the Greenwood Tourism Commission, or the Greenwood-Leflore Public Library since they are not budgeted by the City Council.

9. Unexpended appropriations lapse at year-end in all funds.



CITY OF GREENWOOD, MISSISSIPPI
Notes to Financial Statements
September 30, 2014

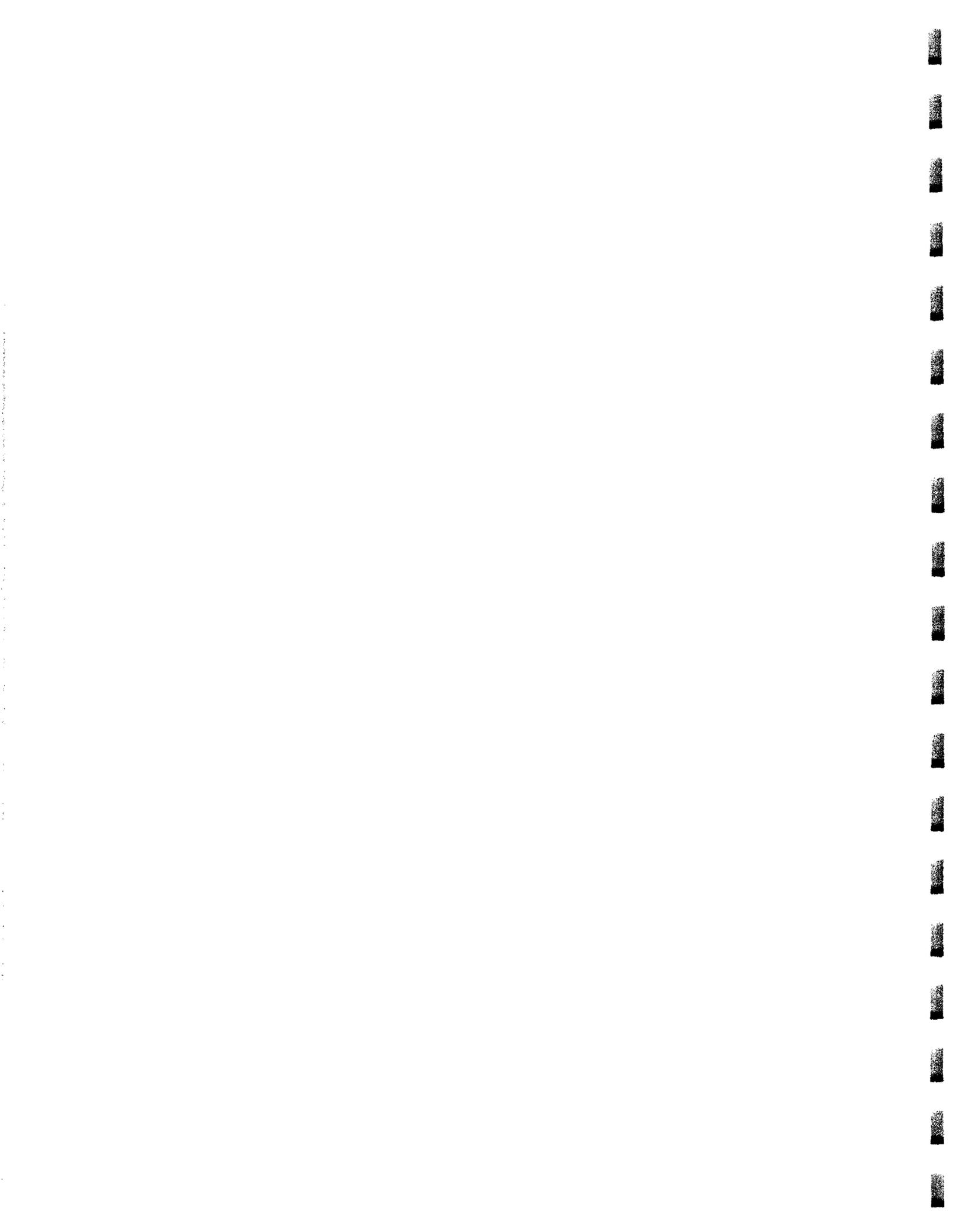
NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED):

10. Expenditures over appropriations at the legal level of budgetary control are as follows:

	Budget	Actual	Overage
General Fund			
Street Division - Other Services & Charges	\$ 401,604	\$ 420,369	\$ 18,765
Street Division - Capital Outlay	\$ 11,500	\$ 90,275	\$ 78,775
Fire Protection Fund			
Capital Outlay	\$ 2,330	\$ 2,633	\$ 303
Keesler Bridge Project			
Supplies	\$ -	\$ 33	\$ 33

B. Deficit Fund Equity

The City of Greenwood did not have any deficit fund equities in any individual funds at year end.



CITY OF GREENWOOD, MISSISSIPPI
Notes to Financial Statements
September 30, 2014

NOTE 3 - DETAILED NOTES ON ALL FUNDS:

A. Deposits and Investments

1. Policies and Practices

The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Mississippi Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation (FDIC).

2. Deposits

At year-end, the carrying amount of the City's deposits was \$15,033,022, and the bank balances totaled \$14,649,880. Of the bank balances, \$415,865 was insured by federal deposit insurance and \$14,234,015 was collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of Greenwood Utilities.

At year-end, the carrying amount of the Greenwood Utilities' deposits was \$13,193,526, and the bank balances totaled \$10,721,072. Of the bank balances, \$750,010 was insured by federal deposit insurance and \$9,971,062 was collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of Greenwood Utilities.

At year-end, the carrying amount of the Tourism's and Library's deposits was \$287,907 and \$239,499, respectively, and the bank balances totaled \$287,907 and \$242,619, respectively. Of the bank balances, \$287,907 and \$242,619 was insured by federal deposit insurance.

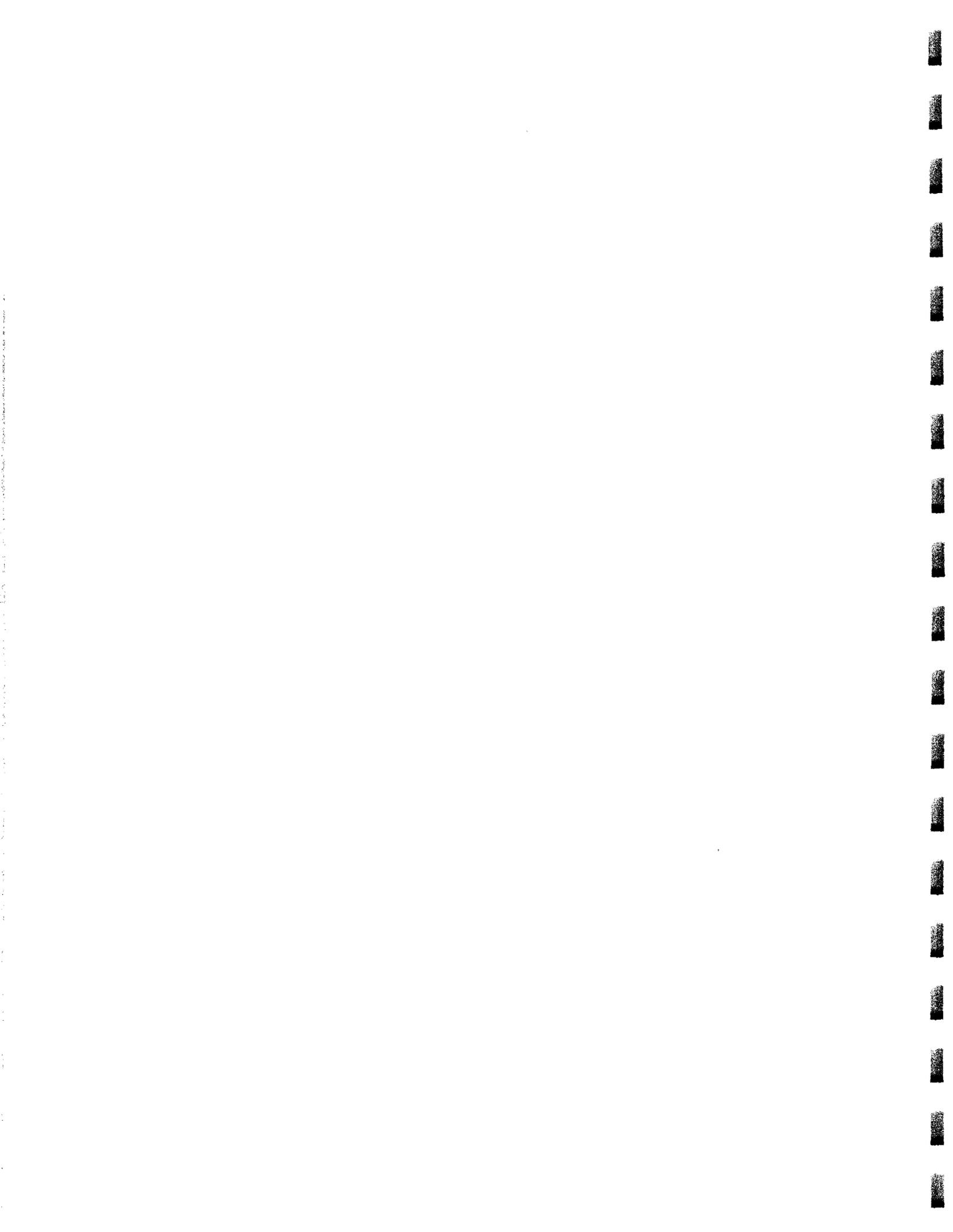
3. Investments

The City and its component units had no investments other than certificates of deposit for the current fiscal year but is eligible to invest as described below.

Following is a list of the City's eligible investments, which in accordance with state statute are limited to the investment of funds in excess of sums required for immediate expenditure or current obligations:

- Certificates of deposit with municipal depositories approved annually by the State Treasurer
- Bonds or direct obligations of the:
 - United States of America
 - State of Mississippi
 - County or Municipality of Mississippi
 - School Districts

State statute allows the investment of funds received from the sale of bonds, notes, or certificates of indebtedness which are not immediately required for disbursement for the purpose issued, in direct obligations



CITY OF GREENWOOD, MISSISSIPPI
Notes to Financial Statements
September 30, 2014

NOTE 3 - DETAILED NOTES ON ALL FUNDS (CONTINUED):

issued by or guaranteed in full by the United States of America, or in certificates of deposit with approved municipal depositories.

B. Receivables

Receivables at September 30, 2014, for the primary government's individual major funds and nonmajor and internal service funds in the aggregate (including its blended component unit, Greenwood Utilities), including the applicable allowances for uncollectible accounts, are as follows (amounts are expressed in thousands):

	General	Other Governmental Funds	Sewage Enterprise Fund	Greenwood Utilities	Total
Accounts Receivable	\$ -	\$ -	\$ -	\$ 4,488	\$ 4,488
Accounts, other governments	-	-	-	-	-
Intergovernmental	727	150	20	108	1,005
Property Taxes Receivable	4,598	454	-	-	5,052
Other	19	-	-	443	462
Gross Receivables	5,344	604	20	5,039	11,007
Less: allowance for doubtful accounts	57	6	-	163	226
Total	\$ 5,287	\$ 598	\$ 20	\$ 4,876	\$ 10,781

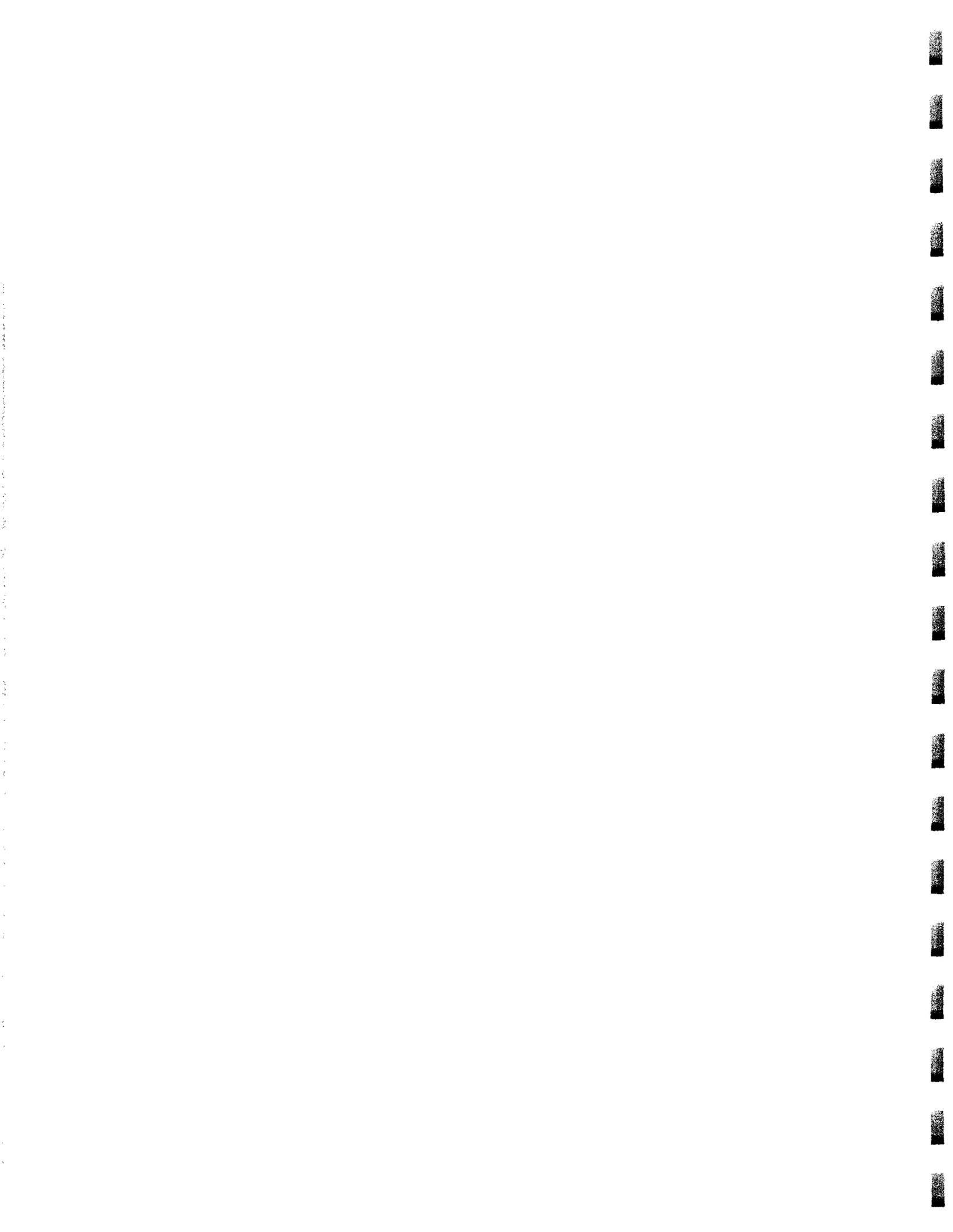
Receivables for Greenwood Utilities are reported net of uncollectible amounts. \$162,713 was determined to be uncollectible for the current year.

1. Property taxes

Property taxes on real and personal property, exclusive of automobiles, attach as an enforceable lien on January 1 for the preceding fiscal year. Leflore County bills and collects the real, personal, public utilities and auto ad valorem taxes for the City of Greenwood and Greenwood Public School District. The taxes are remitted monthly following the month in which they are collected. Leflore County also remits to the City a pro rata share of road and bridge taxes collected by the County.

The taxes are due on or before February 1; however, installment payments can be made; one-half of the balance is due on February 1 and one-fourth each on May 1 and August 1.

Property taxes receivable (exclusive of agency funds)	\$ 5,052,066
Less: Allowance for doubtful accounts	63,290
Total property taxes receivable, net	<u>\$ 4,988,776</u>



CITY OF GREENWOOD, MISSISSIPPI
Notes to Financial Statements
September 30, 2014

NOTE 3 - DETAILED NOTES ON ALL FUNDS (CONTINUED):

Tax millage levies for 2013 were collected in the current fiscal year and statutory maximum millage rates were as follows:

Fund	Levy (in mills)	Purpose	Maximum
General Fund	39.42	General	None
Debt Service Fund	4.74	Debt retirement	None
Disability & Relief Fund	4.10	Retirement	None
Total City of Greenwood	<u>48.26</u>		
Greenwood Public Schools:			
District Maintenance	50.25	Public schools	None
Total Greenwood Public Schools	<u>50.25</u>		
Total millage rate	<u><u>98.51</u></u>		

The City is permitted to levy taxes based on a percentage of up to 100% of fair value of property at the millage indicated above. At the present time, the City levies taxes based on 10% of fair value for homeowner-occupied real property, 15% of fair value for all other real and personal property, and 30% of fair value for all motor vehicles and property owned by public service corporations. The City may levy taxes as necessary to meet bonded debt retirement. Limitations are imposed on the amount of bonded debt that may be issued based upon the assessed valuation of properties.

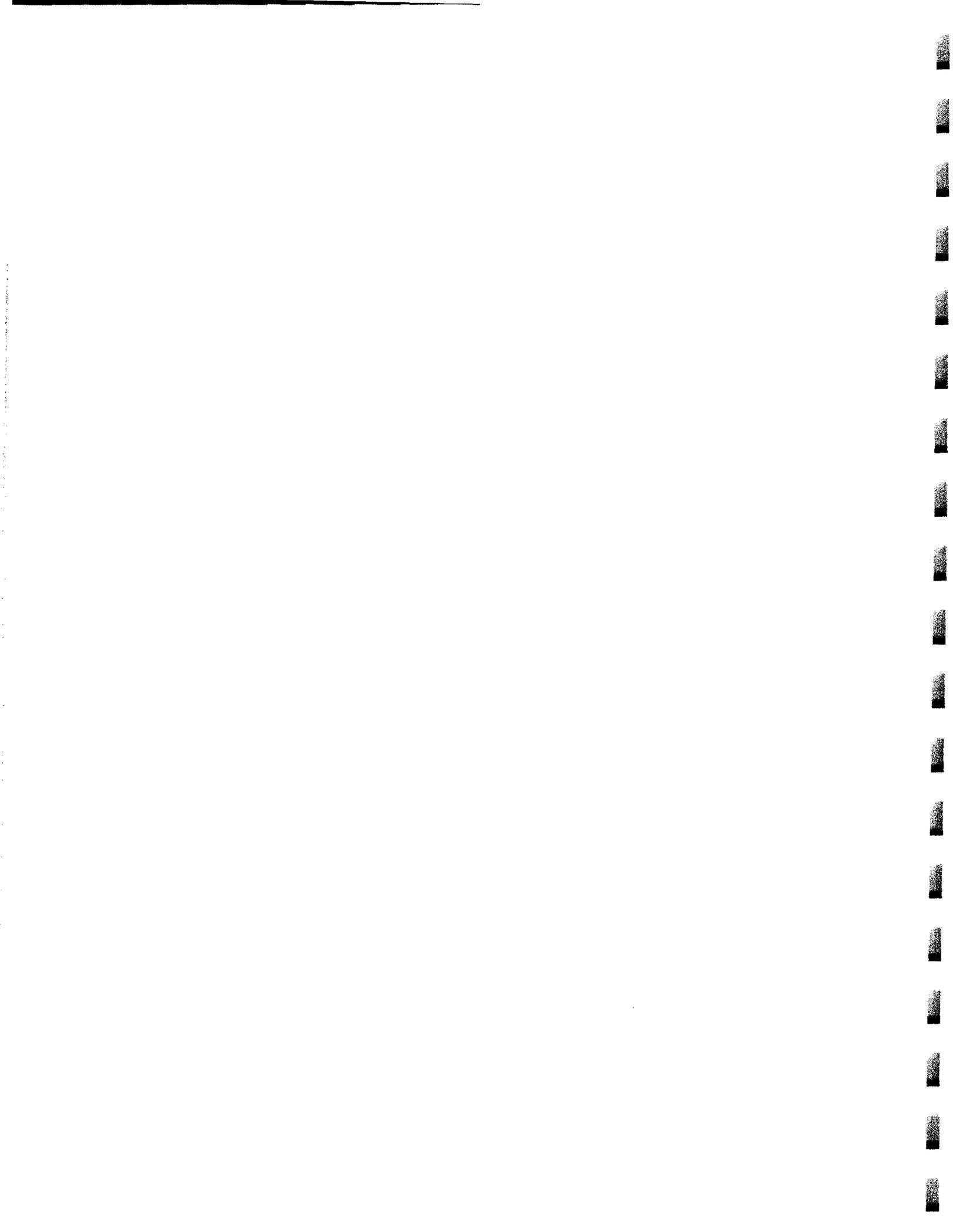
Annual tax increases for all purposes except payment of general obligation bonds and interest are limited by State law to 10% of the preceding year's receipts plus new construction.

Governmental funds reported *unavailable revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *unearned revenue* reported in the governmental funds were as follows:

	Unearned
Current year tax assessments - governmental funds (exclusive of agency funds)	\$ 4,880,322
Prepaid rent - Milwaukee Tool	\$ 24,865
Unearned grant revenue - Sewage Enterprise	\$ 3,063,279

2. Sales Taxes

The State levies a 7% sales tax on retail sales and remits these collections to the City monthly. Intergovernmental revenue of the General Fund includes \$4,450,269 of sales tax revenue.



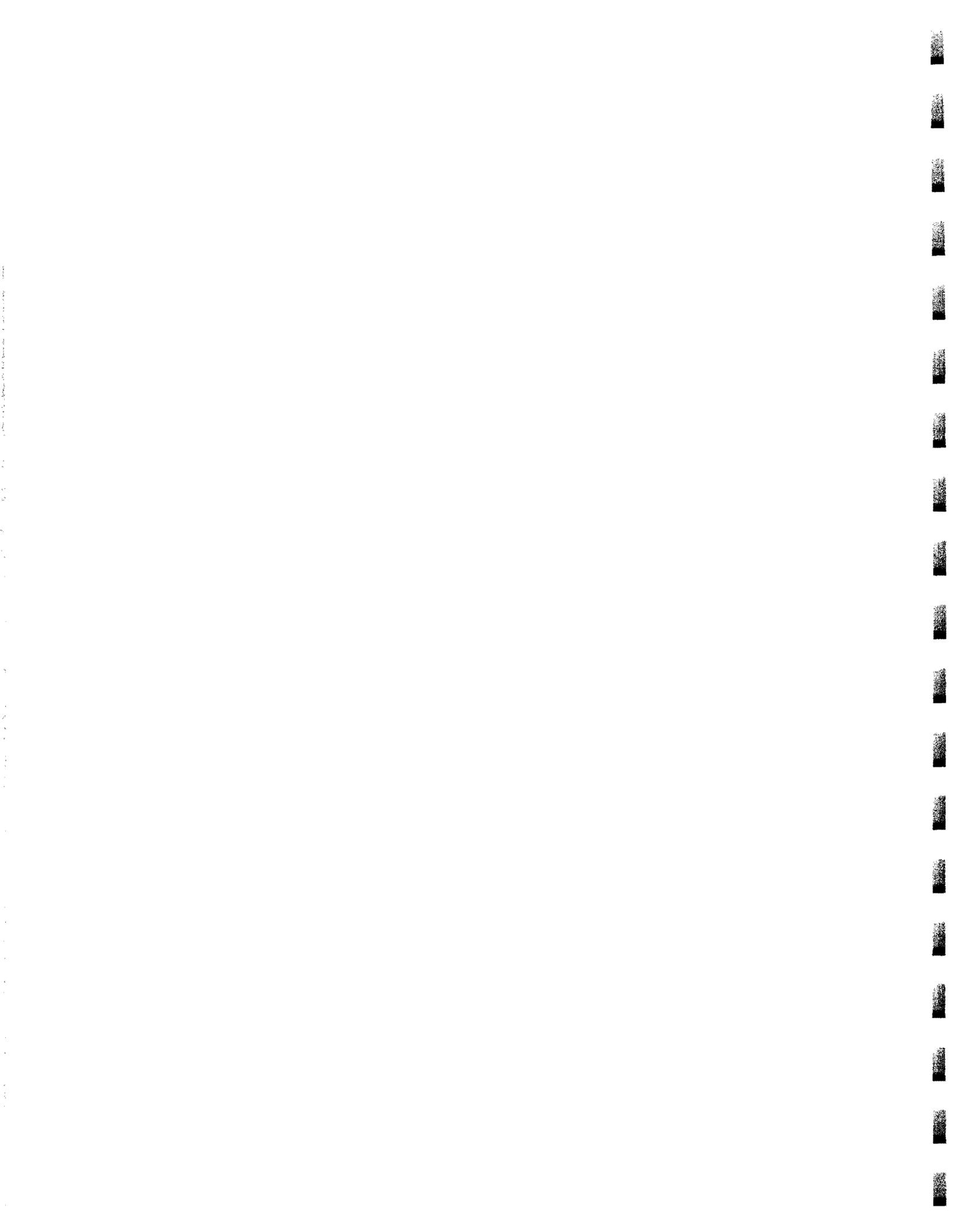
CITY OF GREENWOOD, MISSISSIPPI
Notes to Financial Statements
September 30, 2014

NOTE 3 - DETAILED NOTES ON ALL FUNDS (CONTINUED):

C. Changes in Capital Assets

1. Primary government capital asset activity for the year ended September 30, 2014, was as follows (amounts are expressed in thousands):

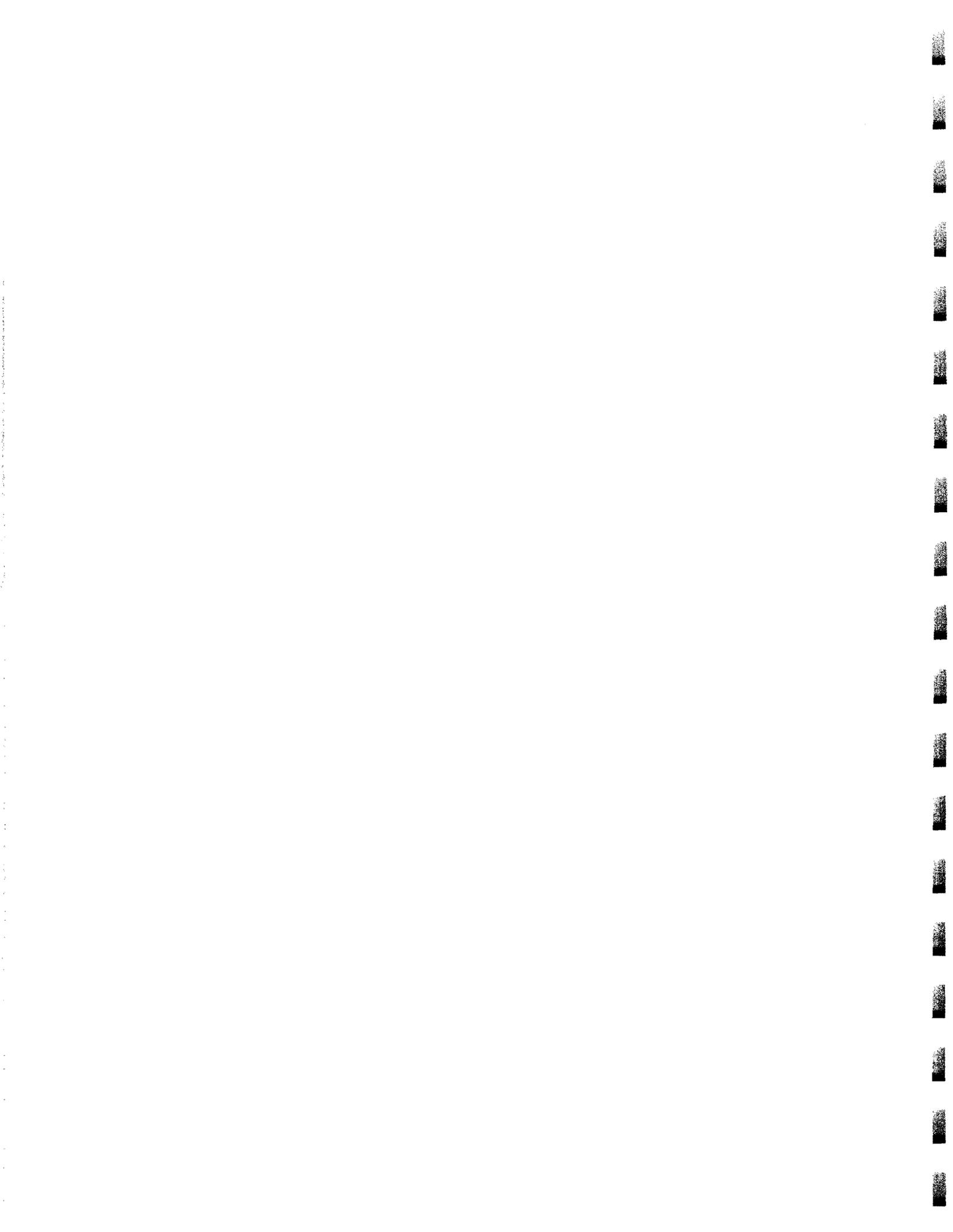
	Balance 9/30/13	Additions	Deletions	Transfers	Balance 9/30/14
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 3,398	\$ 90	\$ -	\$ -	\$ 3,488
Construction-in-progress	2,048	616	-	(2,341)	323
Total capital assets not being depreciated	5,446	706	-	(2,341)	3,811
Capital assets being depreciated:					
Infrastructure	22,855	-	-	2,341	25,196
Buildings & improvements	7,448	55	150	-	7,353
Equipment & furniture	914	45	83	-	876
Mobile equipment	4,747	79	287	-	4,539
Total capital assets being depreciated	35,964	179	520	2,341	37,964
Less accumulated depreciation for:					
Infrastructure	8,440	513	-	-	8,953
Buildings & improvements	2,341	153	12	-	2,482
Equipment & furniture	542	65	62	-	545
Mobile equipment	3,127	227	258	-	3,096
Total accumulated depreciation	14,450	958	332	-	15,076
Total capital assets being depreciated, net	21,514	(779)	188	2,341	22,888
Total governmental activities capital assets, net	\$ 26,960	\$ (73)	\$ 188	\$ -	\$26,699



CITY OF GREENWOOD, MISSISSIPPI
Notes to Financial Statements
September 30, 2014

NOTE 3 - DETAILED NOTES ON ALL FUNDS (CONTINUED):

	Balance 9/30/13	Additions	Deletions	Transfers	Balance 9/30/14
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 451	\$ -	\$ -	\$ -	\$ 451
Construction-in-progress	9,733	22,735	1,023	-	31,445
Total capital assets not being depreciated	10,184	22,735	1,023	-	31,896
Capital assets being depreciated:					
Infrastructure	19,869	262	-	-	20,131
Buildings & improvements	781	-	-	-	781
Equipment & furniture	427	-	46	-	381
Mobile equipment	2,549	133	89	-	2,593
Electric and water production plant	24,741	120	-	-	24,861
Electric and water distribution plant	45,653	1,374	-	-	47,027
Electric and water general plant	6,205	737	90	-	6,852
Total capital assets being depreciated	100,225	2,626	225	-	102,626
Less accumulated depreciation for:					
Infrastructure	4,260	550	-	-	4,810
Buildings & improvements	586	1	-	-	587
Equipment & furniture	223	29	21	-	231
Mobile equipment	1,935	178	80	-	2,033
Electric and water production plant	12,084	957	-	-	13,041
Electric and water distribution plant	15,696	1,330	-	-	17,026
Electric and water general plant	3,649	464	76	-	4,037
Total accumulated depreciation	38,433	3,509	177	-	41,765
Total capital assets being depreciated, net	61,792	(883)	48	-	60,861
Total business-type activities capital assets, net	\$ 71,976	\$ 21,852	\$ 1,071	\$ -	\$ 92,757



CITY OF GREENWOOD, MISSISSIPPI
Notes to Financial Statements
September 30, 2014

NOTE 3 - DETAILED NOTES ON ALL FUNDS (CONTINUED):

2. Depreciation expense was charged to functions of the primary government as follows:

Governmental activities:

General government	\$	9,796
Public safety		247,943
Public works		486,845
Culture and recreation		27,345
Economic development and assistance		185,805
		<u>185,805</u>

Total depreciation expense - governmental activities	\$	<u>957,734</u>
--	----	----------------

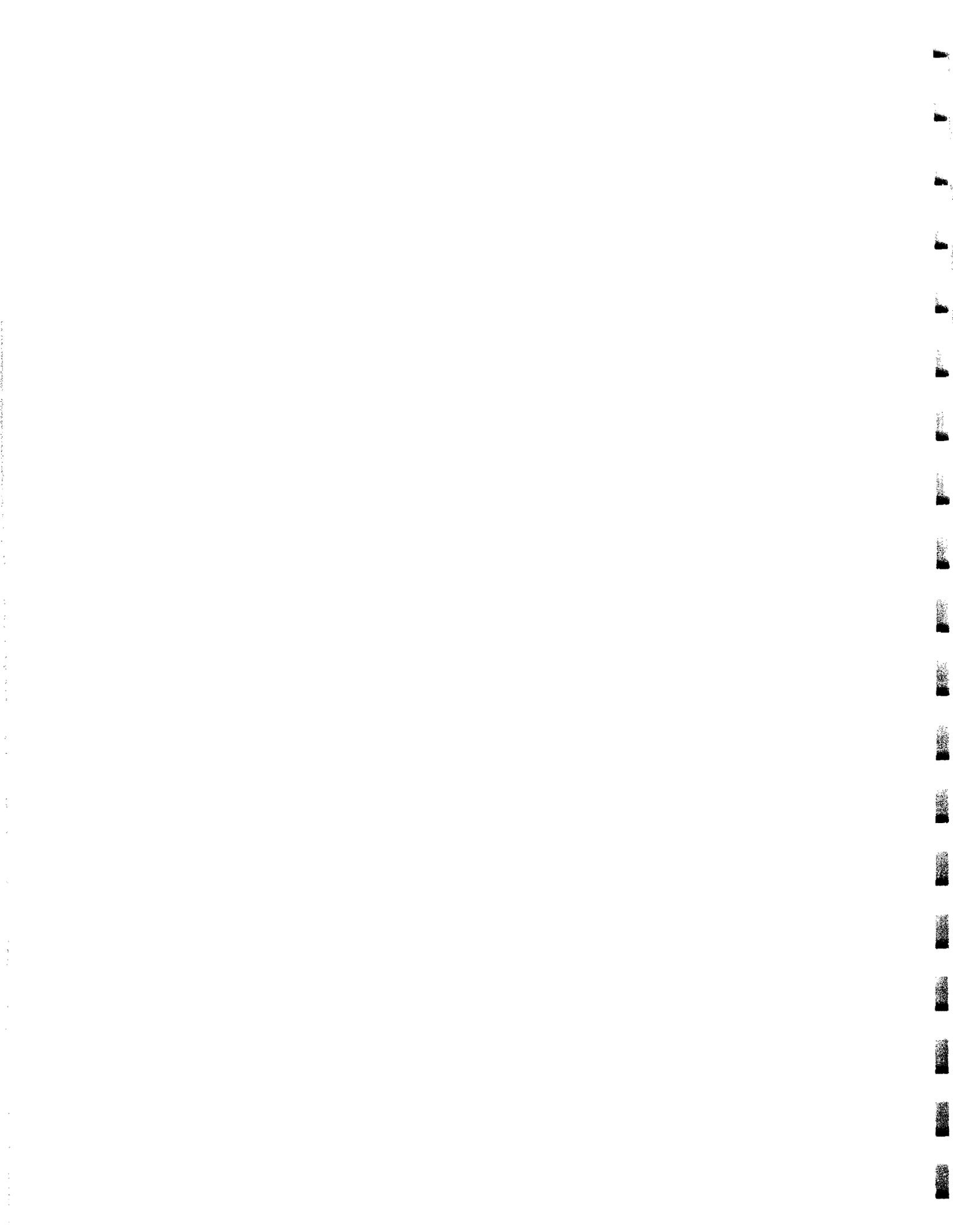
Business-type activities:

Sewage enterprise	\$	623,797
Greenwood Utilities		2,651,683
Non-major business-type activities		134,786
		<u>134,786</u>

Total depreciation expense - business-type activities	\$	<u>3,410,266</u>
---	----	------------------

3. Construction work-in-progress is composed of the following:

Project	Spent-to-date	Remaining Commitment
Governmental-type activities:		
MDOT Street Project - Main Street	\$ 29,723	\$ 1,400,000
Linear Park	293,732	3,043,768
	<u>293,732</u>	<u>3,043,768</u>
Total	\$ 323,455	\$ 4,443,768
	<u>323,455</u>	<u>4,443,768</u>
Business-type activities:		
Waste Water Treatment Facility	\$ 29,321,476	\$ 9,703,524
Waste Water Pumping Stations	585,121	14,879
Mississippi Valley State Force Main	917,306	3,063,279
Waste Water Sludge	46,017	553,983
Greenwood Utilities	574,570	-
	<u>574,570</u>	<u>-</u>
Total	\$ 31,444,490	\$ 13,335,665
	<u>31,444,490</u>	<u>13,335,665</u>



CITY OF GREENWOOD, MISSISSIPPI
Notes to Financial Statements
September 30, 2014

NOTE 3 - DETAILED NOTES ON ALL FUNDS (CONTINUED):

4. A summary of changes in capital assets for component units is as follows (amounts are expressed in thousands):

	Balance 9/30/13	Additions	Deletions	Adjustments	Balance 9/30/14
Capital assets being depreciated:					
Building improvements	\$ 173	\$ 8	\$ 11	\$ -	\$ 170
Books & materials	797	43	-	-	840
Mobile equipment	15	-	-	-	15
Equipment & furniture	310	63	41	-	332
Total capital assets being depreciated	1,295	114	52	-	1,357
Less accumulated depreciation for:					
Buildings & improvements	145	4	11	-	138
Books & materials	665	47	-	-	712
Mobile equipment	14	-	-	-	14
Equipment & furniture	275	19	24	-	270
Total capital assets being depreciated, net	1,099	70	35	-	1,134
Total capital assets, net	\$ 196	\$ 44	\$ 17	\$ -	\$ 223

Depreciation expense was charged to activities as follows:

Library	\$ 71,039
Tourism Commission	-
Total	<u>\$ 71,039</u>

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
57
58
59
60
61
62
63
64
65
66
67
68
69
70
71
72
73
74
75
76
77
78
79
80
81
82
83
84
85
86
87
88
89
90
91
92
93
94
95
96
97
98
99
100

CITY OF GREENWOOD, MISSISSIPPI
Notes to Financial Statements
September 30, 2014

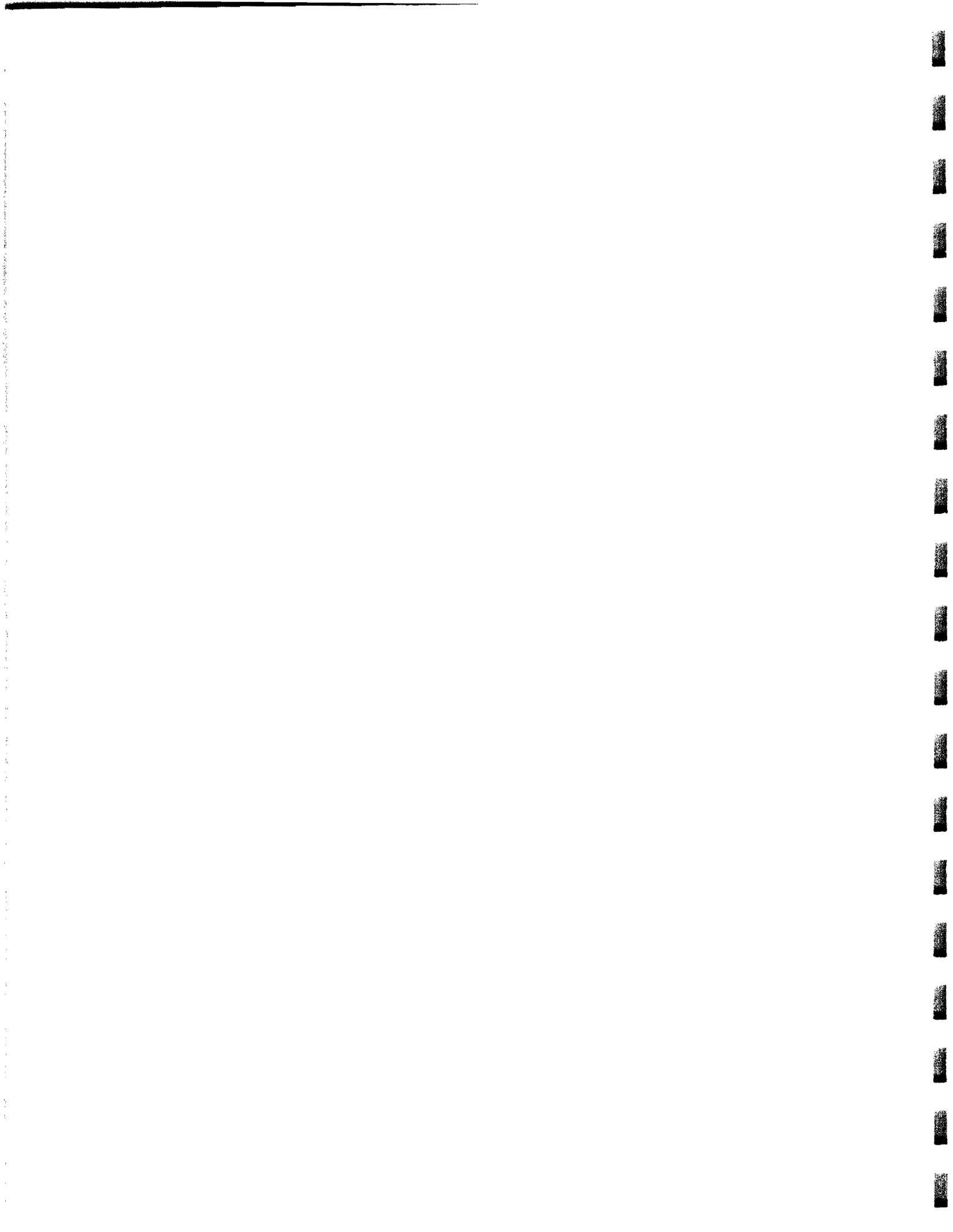
NOTE 3 - DETAILED NOTES ON ALL FUNDS (CONTINUED):

D. Interfund Receivables, Payables, and Transfers

Individual fund interfund receivable and payable balances as of September 30, 2014, follows:

	Interfund Receivables	Interfund Payables
General Fund	\$ 234,749	\$ 87,578
Nonmajor governmental funds		
Urban Youth Corps Project	-	33,521
Drug Court Grant	-	4,339
Domestic Violence Grant	-	2,615
DUI Grant	-	23,378
COPS Grant II	-	4,654
Traffic Safety Project	-	8,808
Linear Parks System	-	7,657
Milwaukee Tool Expansion	-	62,199
General Obligation Bond & Interest Fund	1,440	-
Total Governmental Funds	<u>236,189</u>	<u>234,749</u>
Sewage Enterprise	782,201	26,291
Greenwood Utilities	107,520	1,271,151
Nonmajor proprietary funds		
Solid Waste Enterprise	406,281	-
Total Proprietary Funds	<u>1,296,002</u>	<u>1,297,442</u>
Total All Funds	<u>\$ 1,532,191</u>	<u>\$ 1,532,191</u>

- The Sewage Enterprise and Solid Waste Enterprise receivables are for monies collected by Greenwood Utilities at year-end but not yet remitted.
- The Greenwood Utilities receivable is money due from the City for electric and water services. An equal amount for the General Fund and Sewage Enterprise Fund is due to Greenwood Utilities for free utility services.
- The other receivables and payables are temporary advances from one fund to another fund for cash flow purposes until the other fund receives funding from outside sources.
- The Sewage Enterprise Fund owes the General Obligation Bond and Interest Fund for paying agent fees paid from the General Obligation Bond and Interest Fund.



CITY OF GREENWOOD, MISSISSIPPI
Notes to Financial Statements
September 30, 2014

NOTE 3 - DETAILED NOTES ON ALL FUNDS (CONTINUED):

Transfers in/transfers out for the primary government follows:

	Transfers In	Transfers Out
General Fund	\$ 1,331,829	\$ 112,366
Nonmajor governmental funds		
Community Center Fund	6,500	-
Cemetery Project	8,844	-
Special Projects Fund	149,004	259,324
Youth Summer Fun Recreation Program Fund	32,620	-
Industrial Properties Fund	88,605	-
Urban Youth Corp Project	8,380	-
Downtown Greenwood Farmers Market	-	663
Fire Protection Fund	1,382	-
LLEBG Grant	1,359	-
Domestic Preparedness Grant	-	16
Domestic Violence Grant	11,293	-
Safe Routes to School	12,565	-
Drug Court Grant	11,312	-
Surface Transportation Project	29,723	-
Transportation Enhancement Project	-	49,004
Yazoo River Trail	163	-
Linear Parks System (Phase I & II)	91,304	-
Mayor's Health Council Grant	663	-
Cops Grant II	8,232	-
Milwaukee Tool Expansion	-	74,175
Total Governmental Funds	<u>1,793,778</u>	<u>495,548</u>
Sewage Enterprise	202,427	-
Greenwood Utilities	-	1,597,680
Nonmajor proprietary funds		
Solid Waste Assistance Grant	14,484	-
Unemployment Insurance Fund	25,000	-
Solid Waste Enterprise	57,539	-
	<u>299,450</u>	<u>1,597,680</u>
	<u>\$ 2,093,228</u>	<u>\$ 2,093,228</u>



CITY OF GREENWOOD, MISSISSIPPI
Notes to Financial Statements
September 30, 2014

NOTE 3 - DETAILED NOTES ON ALL FUNDS (CONTINUED):

Interfund transfers at September 30, 2014 consisted of the following:

\$ 11,293	From General Fund to Domestic Violence for match funds.
32,620	From General Fund to Youth Summer Fun Recreation Program to subsidize operations.
8,844	From General Fund to Cemetery Fund to subsidize operations.
11,312	From General Fund to Drug Court Fund to subsidize operations.
3,000	From General Fund to Community Center Fund to subsidize the youth center.
8,380	From General Fund to Urban Youth Corp Project for match funds.
8,232	From General Fund to Cops Grant II for match funds.
163	From General Fund to Yazoo River Trail fund to subsidize operations.
25,000	From General Fund to Unemployment Insurance Fund to maintain sufficient balance.
781	From General Fund to Solid Waste Assistance Grant fund for recycling center repairs.
1,359	From General Fund to LLEGB Grant Fund to cover funds spent after grant deadline.
1,382	From General Fund to Fire Protection fund to cover disallowed reimbursable expenses.
91,304	From Special Projects Fund to Linear Park System Project for match funds.
55,284	From Special Projects Fund to General Fund for operating lease payments.
29,723	From Special Projects Fund to Surface Transportation Project for match on STP project to mill & overlay streets.
14,430	From Special Projects Fund to Industrial Properties Fund for Airport fire truck.
40,315	From Special Projects Fund to General Fund for the refurbishing of the old Med Stat building.
13,703	From Special Projects fund to Solid Waste Assistance Grant for removal of mold at recycling center.
2,000	From Special Projects Fund to Community Center Fund to subsidize operations at the youth center.
12,565	From Special Projects Fund to Safe Routes to School for match funds.
663	From Downtown Farmers Market Fund to Mayor's Health Council to subsidize operations.
16	From Domestic Preparedness Grant Fund to General Fund to close out Domestic Preparedness Grant Fund.
49,004	From Surface Transportation Fund to Special Projects Fund to subsidize operations.
74,175	From Milauwkee Tool Fund to Industrial Properties Fund for A/C unit charged to Industrial Properties Fund.
83,000	From Greenwood Utilities to the Sewage Enterprise Fund for sewer appropriations.
100,000	From Greenwood Utilities to the Special Projects Fund to subsidize operations.
725,000	From Greenwood Utilities to the General Fund to subsidize operations & appropriate \$5,000 to the Stars & Stripes Festival.
689,680	From Greenwood Utilities to the General Fund (\$525,150), Community Center (\$1,500) and Sewage Enterprise Fund (\$163,030) for free utility services.

\$ 2,093,228



CITY OF GREENWOOD, MISSISSIPPI
Notes to Financial Statements
September 30, 2014

NOTE 3 - DETAILED NOTES ON ALL FUNDS (CONTINUED):

E. Capital Leases

The City leases property with varying terms and options. Most leases contain a clause that states the lease shall terminate in the event no funds or insufficient funds are appropriated. However, if renewal is reasonably assured, leases are considered noncancelable leases for financial reporting purposes.

The City has financed an E-One Pumper Truck, three International Pac-Mac Garbage Trucks, three International Viper Knuckle Boom Trucks, one Front Loader Garbage Truck, and one E-One 75' Aerial Fire Truck by means of capital leases. These lease agreements qualify as capital leases for accounting purposes (title transfers at the end of the lease term) and therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

One 2012 Mack MRU613 Chassis with Front Loader Garbage Truck

\$ 186,244

The following is a schedule by years of future minimum lease payments payable under this capital lease together with the present value of the net minimum lease payments as of September 30, 2014:

Year ending September 30:

2015	\$ 45,126
Total minimum payments	<u>45,126</u>
Less: Amount representing interest	<u>610</u>
Present value of net minimum lease payments	<u>\$ 44,516</u>

Three 2009 International Pac-Mac Garbage Trucks /

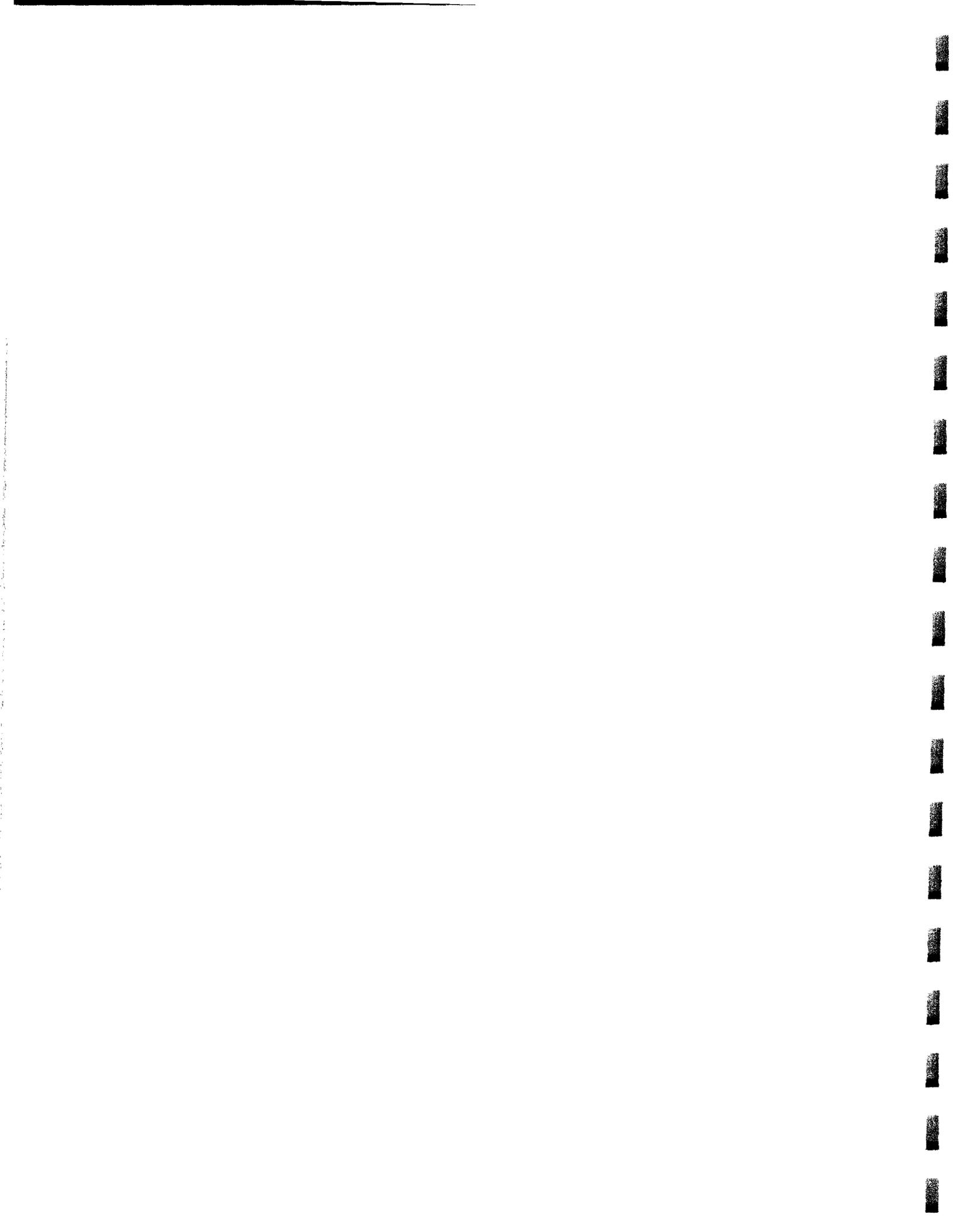
Three 2009 International Viper Knuckle Boom Trucks

\$ 531,899

The following is a schedule by years of future minimum lease payments payable under this capital lease together with the present value of the net minimum lease payments as of September 30, 2014:

Year ending September 30:

2015	\$ 64,173
Total minimum payments	<u>64,173</u>
Less: Amount representing interest	<u>908</u>
Present value of net minimum lease payments	<u>\$ 63,265</u>



CITY OF GREENWOOD, MISSISSIPPI
Notes to Financial Statements
September 30, 2014

NOTE 3 - DETAILED NOTES ON ALL FUNDS (CONTINUED):

E-One Pumper Truck \$ 288,900

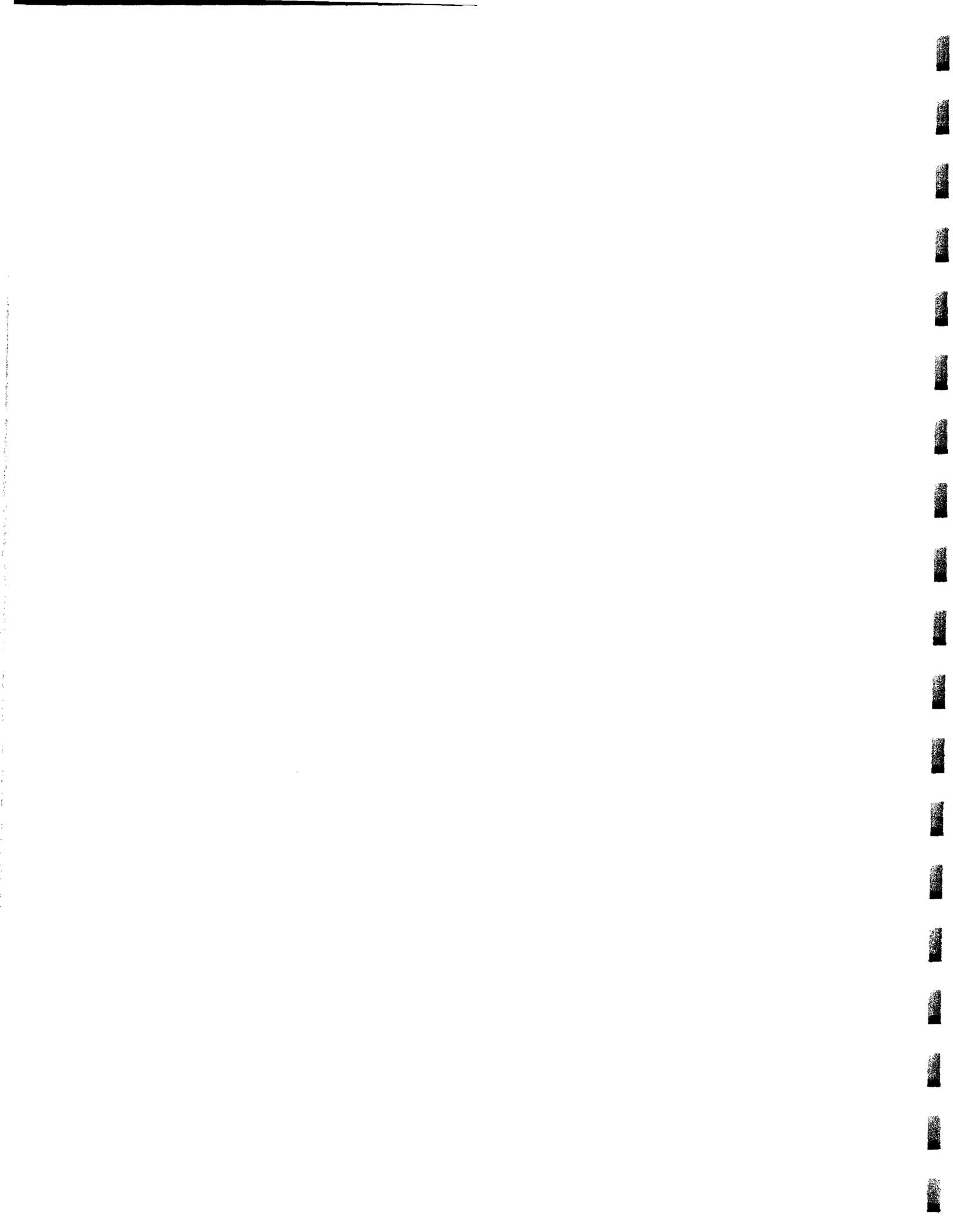
The following is a schedule by years of future minimum lease payments payable under this capital lease together with the present value of the net minimum lease payments as of September 30, 2014:

Year ending September 30:		
2015	\$	36,763
2016		36,763
2017		36,763
2018		<u>36,761</u>
Total minimum payments		<u>147,050</u>
Less: Amount representing interest		<u>15,594</u>
Present value of net minimum lease payments	\$	<u><u>131,456</u></u>

Fire Truck (E-One 75' Aerial on a Typhoon Chassis) \$ 655,663

The following is a schedule by years of future minimum lease payments payable under this capital lease together with the present value of the net minimum lease payments as of September 30, 2014:

Year ending September 30:		
2015	\$	75,575
2016		75,575
2017		75,575
2018		75,575
2019		75,575
Thereafter		<u>226,724</u>
Total minimum payments		<u>604,599</u>
Less: Amount representing interest		<u>66,623</u>
Present value of net minimum lease payments	\$	<u><u>537,976</u></u>



CITY OF GREENWOOD, MISSISSIPPI
Notes to Financial Statements
September 30, 2014

NOTE 3 - DETAILED NOTES ON ALL FUNDS (CONTINUED):

F. Long-term debt:

1. General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both general governmental and proprietary activities. Bonds issued for proprietary activities are reported in the proprietary funds if they are to be repaid from proprietary revenues.

General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds generally are issued as serial bonds in denominations of \$5,000 each with principal maturing annually and interest due at various semi-annual dates.

On November 22, 2011, the City issued \$1,640,000 in General Obligation Refunding Bonds, Series 2011, with an interest rate of 2.68% to refund \$1,560,000 of outstanding General Obligation Bonds, Series 2002 (the "2002 General Obligation Bonds"), with an average interest rate of 4.37%. The net proceeds of \$1,593,967 (after payment of \$46,033 in bond issuance costs) resulted in a net present value savings benefit to the City in the amount of \$82,818. The 2002 General Obligation Bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net position. The difference between the cash flows required to service the old debt and the cash flows required to service the new debt and complete the refunding was \$93,616.

On June 13, 2012, the City issued \$4,405,000 in Sewer System Revenue Refunding Bonds, Series 2012, with an average interest rate of 2.087% to refund \$4,344,441 of outstanding State Revolving Loans for Phases I, II and III with an average interest rate of 4.50%, 3.50% and 3%, respectively. The net proceeds of \$4,344,441, including a net original issue premium of \$51,763 (after payment of \$68,272 in bond issuance costs and \$44,050 in underwriter fees) resulted in a net present value savings benefit to the City in the amount of \$175,202. The State Revolving Loans for Phases I, II and III are considered to be defeased and the liability for those loans has been removed from the proprietary fund balance sheet and the government-wide statement of net position. The difference between the cash flows required to service the old debt and the cash flows required to service the new debt and complete the refunding was \$143,030.



CITY OF GREENWOOD, MISSISSIPPI
Notes to Financial Statements
September 30, 2014

NOTE 3 - DETAILED NOTES ON ALL FUNDS (CONTINUED):

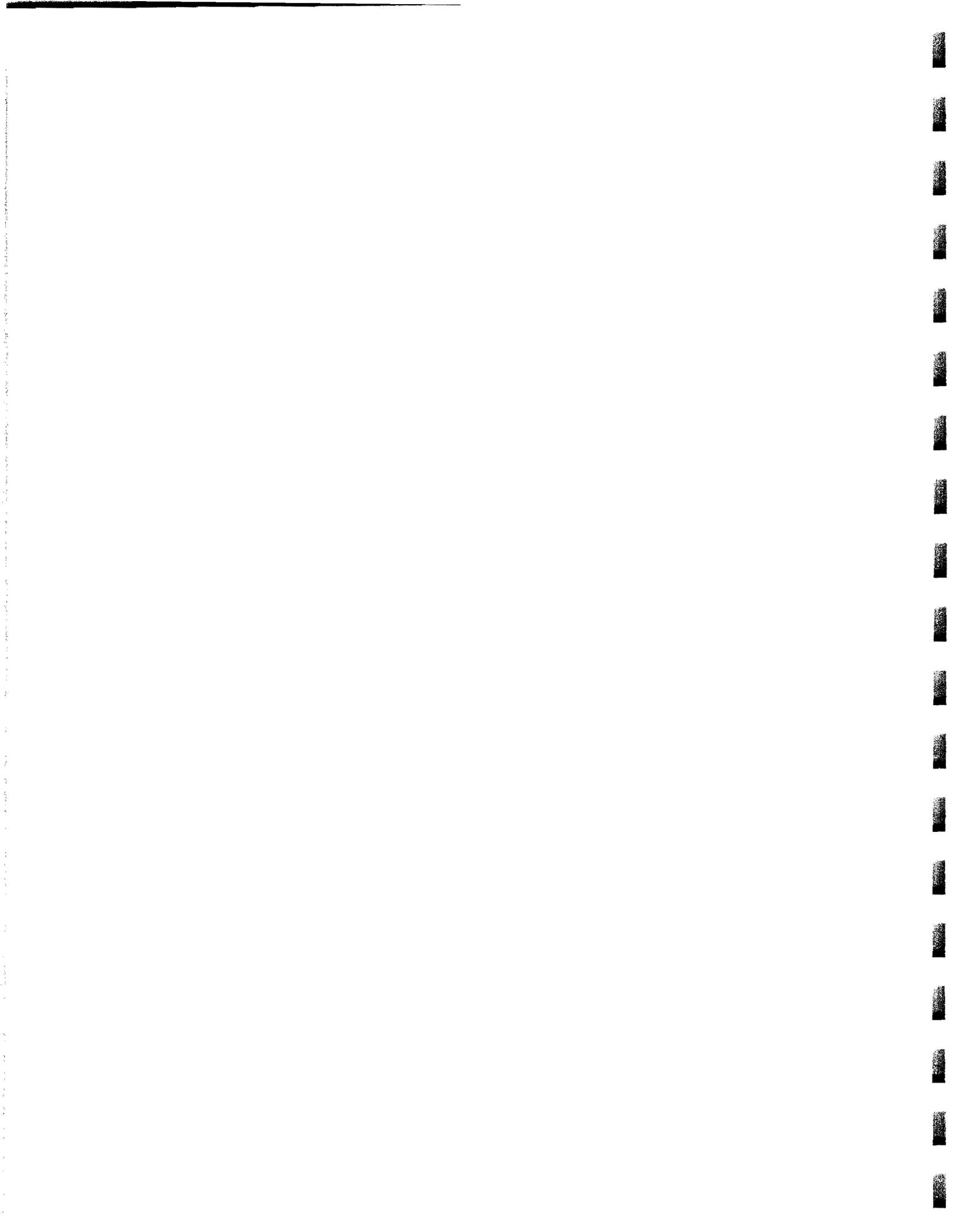
General obligation bonds outstanding at September 30, 2014, were as follows:

1. General Obligation Bonds payable out of governmental activities:

\$1,640,000 2011 General Obligation Refunding Bonds due in annual principal installments of \$140,000 to \$185,000 through March 1, 2022; interest at 2.68%	\$ 1,340,000
\$3,600,000 2002 General Obligation MBIA Bonds due in annual principal installments of \$180,000 through December 1, 2022; interest at 3%	1,620,000
\$1,500,000 2005 General Obligation Bonds due in annual principal installments of \$45,000 to \$110,000 through October 1, 2025; interest at 4% to 5.625%	990,000
\$2,000,000 2006 General Obligation Bonds due in annual principal installments of \$60,000 to \$150,000 through May 1, 2026; interest at 4% to 5%	<u>1,420,000</u>
Total	<u><u>\$ 5,370,000</u></u>

2. Notes Payable

\$600,000 Mississippi Development Authority Capital Improvements Revolving Loan due in monthly installments of \$3,035 for 240 months at 2% annual interest to be computed daily. Payments will begin 30 days after the completion date of the project.	<u><u>\$ 479,213</u></u>
---	--------------------------



CITY OF GREENWOOD, MISSISSIPPI
Notes to Financial Statements
September 30, 2014

NOTE 3 - DETAILED NOTES ON ALL FUNDS (CONTINUED):

3. State Revolving Loan

The City entered into a loan agreement with the Mississippi Department of Environmental Quality to rehabilitate its sewer system and to construct a new wastewater treatment facility. Greenwood Utilities entered into a loan agreement with the Mississippi Department of Health for various drinking water projects. The state revolving loans payable at September 30, 2014 are as follows:

\$7,879,072 Sewer Rehab Revolving loan due in monthly installments of \$40,549 beginning July 1, 2008, through January 1, 2028; interest at 2%	<u>\$ 5,690,680</u>
--	---------------------

\$39,025,000 Sewer Rehab Revolving loan due in monthly installments of \$194,873 beginning August 1, 2015, through April 1, 2035; interest at 1.75%	<u>\$ 28,075,207</u>
---	----------------------

These loans will be repaid by a reduction in sales tax revenue received from the Mississippi Department of Revenue each month.

\$2,949,026 Drinking Water Systems Improvement Revolving loan, 20 year loan; interest at 1.95%	<u>\$ 92,624</u>
--	------------------

4. Sewer System Revenue Refunding Bonds, Series 2012

\$4,405,000 Sewer Refunding Bonds due in annual principal installments of \$185,000 to \$610,000 through September 30, 2021; interest at 2%	<u>\$ 3,310,000</u>
---	---------------------



CITY OF GREENWOOD, MISSISSIPPI
Notes to Financial Statements
September 30, 2014

NOTE 3 - DETAILED NOTES ON ALL FUNDS (CONTINUED):

5. Long-term Debt Transactions

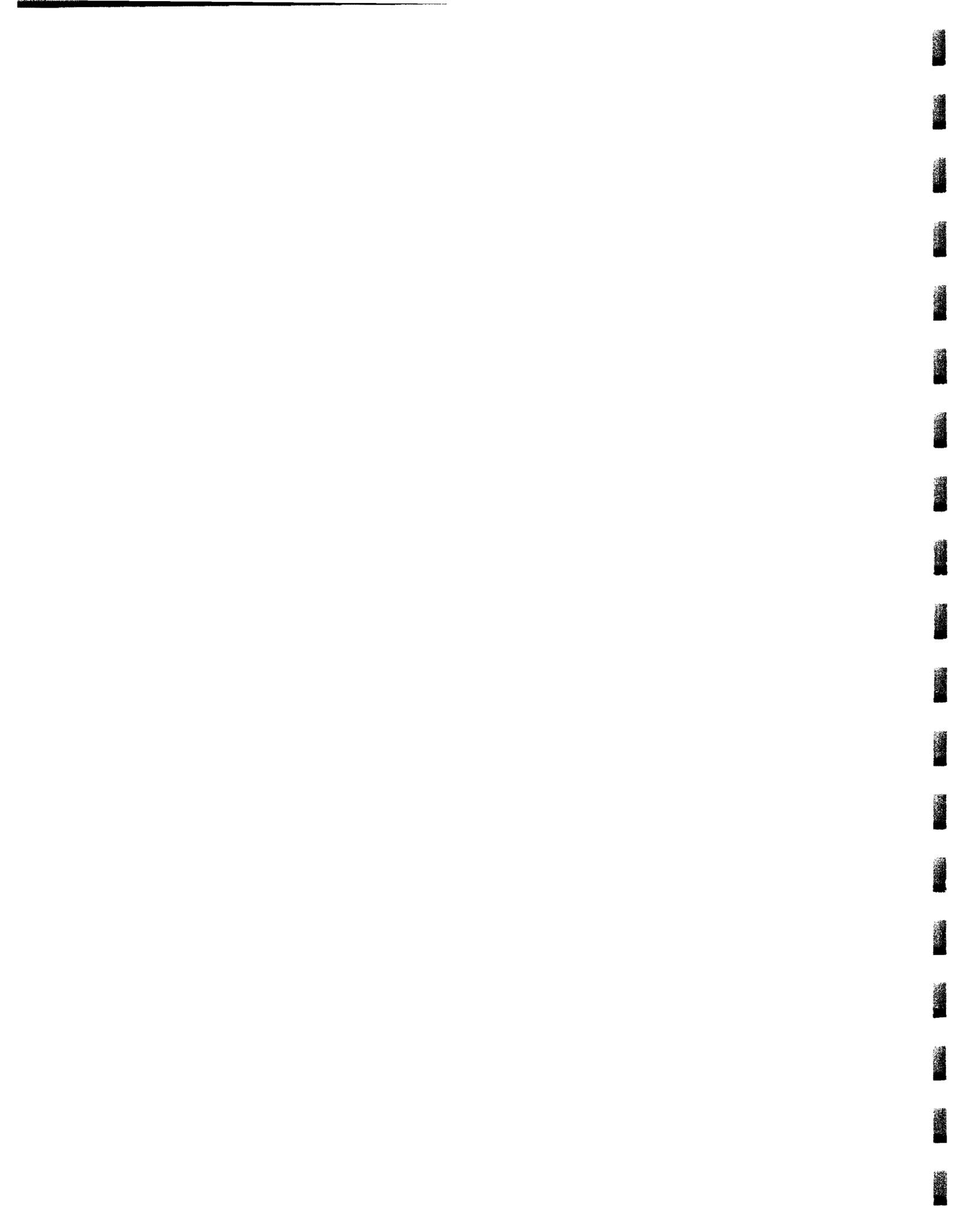
A summary of long-term debt transactions for the year ended September 30, 2014, was as follows (in thousands of dollars):

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General Obligation bonds	\$ 4,050	\$ -	\$ 300	\$ 3,750	\$ 305
General Obligation MBIA bond	1,800	-	180	1,620	180
Capital lease	758	-	89	669	92
Compensated absences	263	249	263	249	249
Total governmental activities	\$ 6,871	\$ 249	\$ 832	\$ 6,288	\$ 826
Business-type activities:					
State revolving loan (Phase IV)	\$ 6,059	\$ -	\$ 368	\$ 5,691	\$ 376
State revolving loan (Phase V)	6,696	21,380	-	28,076	276
State revolving loan (Drinking Water)	92	-	-	92	89
Sewer Revenue Refunding Bonds, Series 2012	3,885	-	575	3,310	585
Capital Improvement Loan	-	479	-	479	-
Capital lease	257	-	150	107	107
Compensated absences	435	27	62	400	119
Total business-type activities	\$ 17,424	\$ 21,886	\$ 1,155	\$ 38,155	\$ 1,552

6. Legal Debt Margin and Debt Covenants

The City's legal debt margin for the issuance of general obligation bonds was \$16,214,013 at September 30, 2014.

There are a number of requirements contained in the various debt obligations. The City is in compliance with all significant requirements.



CITY OF GREENWOOD, MISSISSIPPI
Notes to Financial Statements
September 30, 2014

NOTE 3 - DETAILED NOTES ON ALL FUNDS (CONTINUED):

7. Annual Maturities Requirements

The annual requirements to amortize all long-term debt outstanding as of September 30, 2014, including interest, by source of retirement are as follows:

Debt Service Fund (Special Tax Levy)

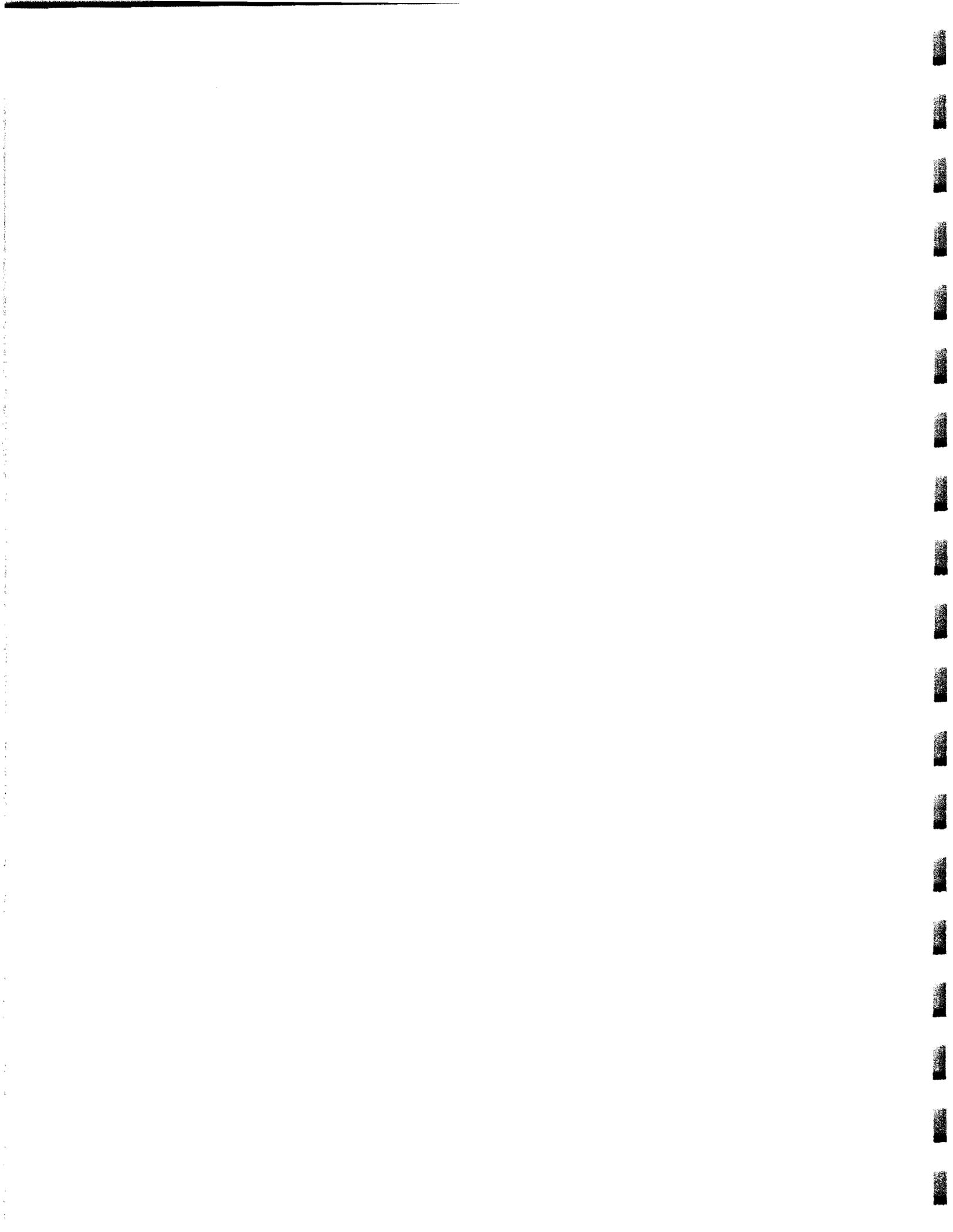
Fiscal Year	General Obligation Bonds		(Memorandum Only)
	Principal	Interest	Total
2015	\$ 305,000	\$ 134,948	\$ 439,948
2016	325,000	124,078	449,078
2017	340,000	113,057	453,057
2018	350,000	101,502	451,502
2019	365,000	89,509	454,509
2020-2024	1,660,000	255,825	1,915,825
2025-2026	405,000	24,219	429,219
Totals	\$ 3,750,000	\$ 843,138	\$ 4,593,138

General Fund & Fire Protection Fund (Special Tax Levy & State Fire Protection Revenues)

Fiscal Year	Capital Lease		(Memorandum Only)
	Principal	Interest	Total
2015	91,874	20,463	112,337
2016	94,931	17,406	112,337
2017	98,098	14,239	112,337
2018	101,378	10,959	112,337
2019	68,015	7,560	75,575
2020-2022	215,135	11,589	226,724
Totals	\$ 669,431	\$ 82,216	\$ 751,647

Solid Waste (Solid Waste Revenues)

Fiscal Year	Capital Lease		(Memorandum Only)
	Principal	Interest	Total
2015	\$ 107,780	\$ 1,518	\$ 109,298
Totals	\$ 107,780	\$ 1,518	\$ 109,298



CITY OF GREENWOOD, MISSISSIPPI
Notes to Financial Statements
September 30, 2014

NOTE 3 - DETAILED NOTES ON ALL FUNDS (CONTINUED):

Industrial Rent #255 (Milwaukee Tool Rents)

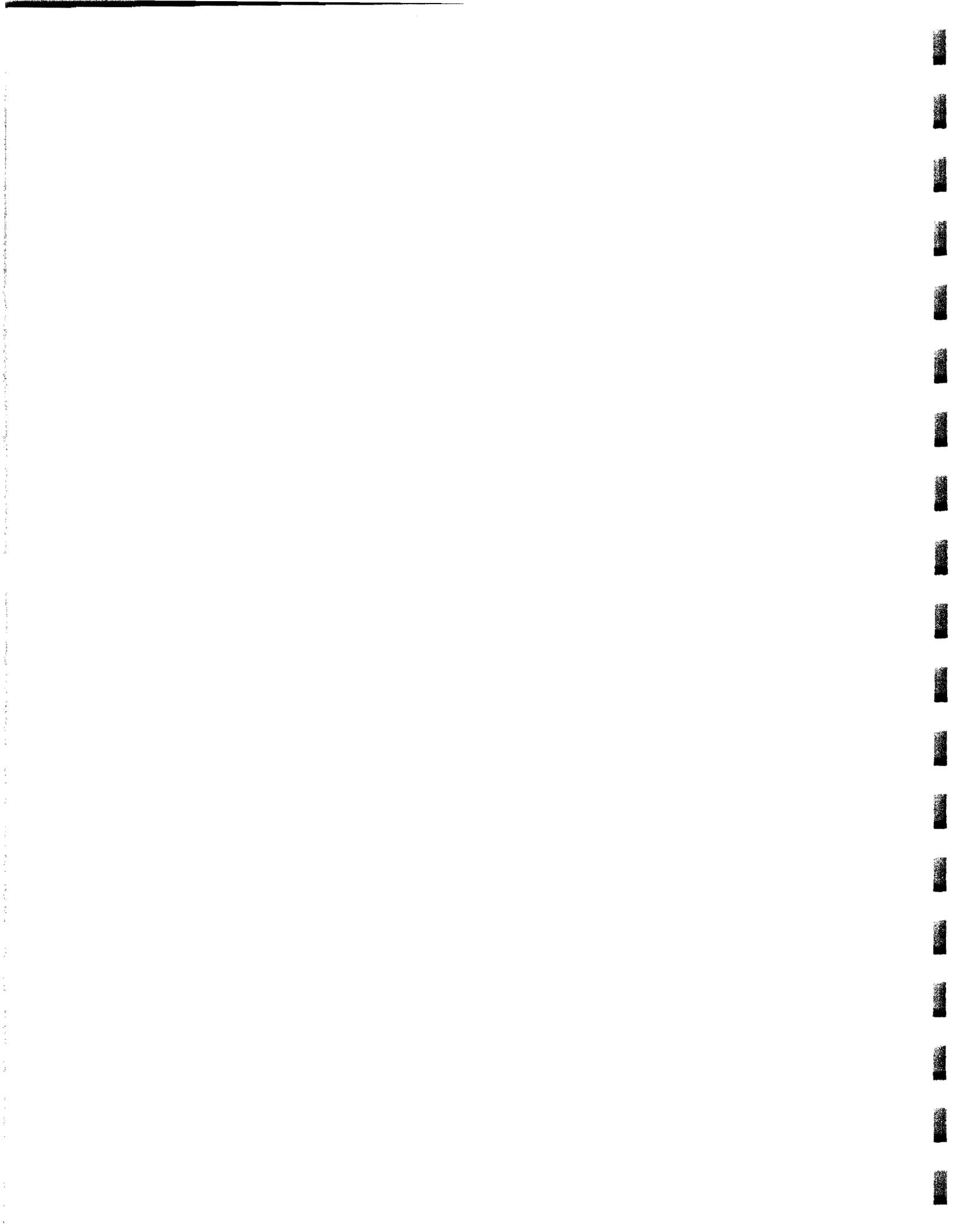
Fiscal Year	General Obligation MBIA Bond		(Memorandum Only)	Total
	Principal	Interest		
2015	\$ 180,000	\$ 45,900	\$	225,900
2016	180,000	40,500		220,500
2017	180,000	35,100		215,100
2018	180,000	29,700		209,700
2019	180,000	24,300		204,300
2020-2023	720,000	43,200		763,200
Totals	\$ 1,620,000	\$ 218,700	\$	1,838,700

Sewage Enterprise Fund (Water/Sewer Revenues)

Fiscal Year	State Revolving Loan IV		(Memorandum Only)	Total
	Principal	Interest		
2015	\$ 376,210	\$ 110,377	\$	486,587
2016	383,804	102,784		486,588
2017	391,550	95,037		486,587
2018	399,454	87,134		486,588
2019	407,516	79,071		486,587
2020-2024	2,164,334	268,603		2,432,937
2025-2029	1,567,812	54,146		1,621,958
Totals	\$ 5,690,680	\$ 797,152	\$	6,487,832

Sewage Enterprise Fund (Water/Sewer Revenues)

Fiscal Year	Sewer Refunding Bonds		(Memorandum Only)	Total
	Principal	Interest		
2015	\$ 585,000	\$ 68,213	\$	653,213
2016	600,000	56,513		656,513
2017	610,000	44,513		654,513
2018	605,000	32,313		637,313
2019	435,000	20,213		455,213
2020-2021	475,000	15,920		490,920
Totals	\$ 3,310,000	\$ 237,685	\$	3,547,685



CITY OF GREENWOOD, MISSISSIPPI
Notes to Financial Statements
September 30, 2014

NOTE 3 - DETAILED NOTES ON ALL FUNDS (CONTINUED):

Sewage Enterprise Fund (Water/Sewer Revenues)

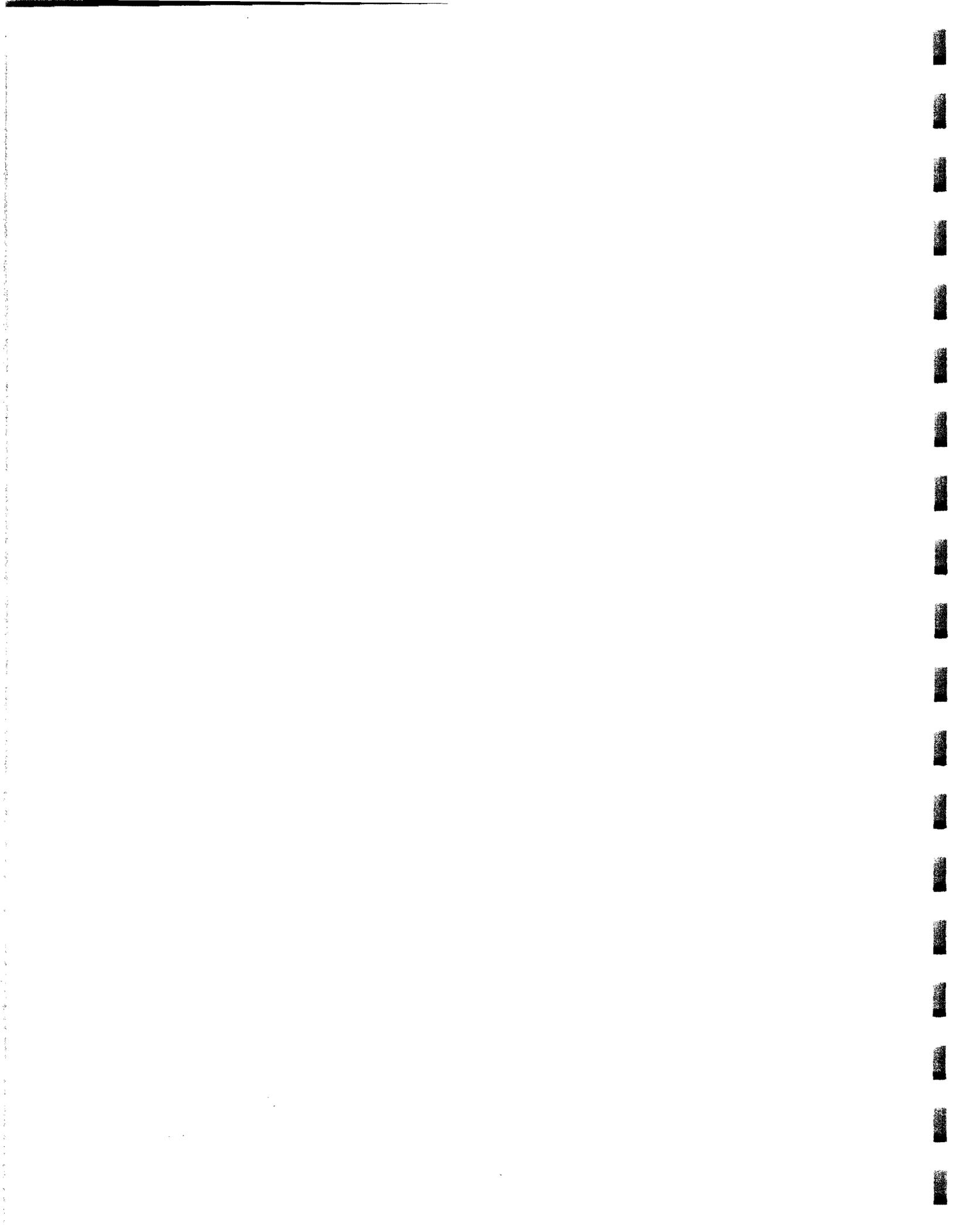
Fiscal Year	Capital Improvement Loan		Total
	Principal	Interest	
2015	\$ -	\$ -	\$ -
2016	25,244	11,179	36,423
2017	25,150	11,274	36,424
2018	25,658	10,766	36,424
2019	26,176	10,247	36,423
2020-2024	138,980	43,138	182,118
2025-2029	153,632	28,486	182,118
2030-2034	169,797	12,321	182,118
2035	35,363	373	35,736
Totals	\$ 600,000	\$ 127,784	\$ 727,784

The amortization schedule noted above is estimated as the project was not completed at year-end and the City has not received the finalized amortization schedule.

Sewage Enterprise Fund (Water/Sewer Revenues)

Fiscal Year	State Revolving Loan V		Total
	Principal	Interest	
2015	\$ 276,124	\$ 113,622	\$ 389,746
2016	1,673,752	664,773	2,338,525
2017	1,703,279	635,196	2,338,475
2018	1,733,327	605,148	2,338,475
2019	1,763,905	574,571	2,338,476
2020-2024	9,297,405	2,394,973	11,692,378
2025-2029	10,146,934	1,545,443	11,692,377
2030-2034	11,074,086	618,290	11,692,376
2035	1,356,188	7,871	1,364,059
Totals	\$ 39,025,000	\$ 7,159,887	\$ 46,184,887

The amortization schedule noted above is estimated as the project was not completed at year-end and the City has not received the finalized amortization schedule.



CITY OF GREENWOOD, MISSISSIPPI
Notes to Financial Statements
September 30, 2014

NOTE 3 - DETAILED NOTES ON ALL FUNDS (CONTINUED):

G. Net Position/Fund Balance:

1. The City adopted GASB Statement 54 during the year ended September 30, 2011. As such, fund balance of the governmental funds is classified by specific purpose as follows:

FUND BALANCES:	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
NONSPENDABLE:			
General government	\$ -	\$ -	\$ -
RESTRICTED FOR:			
Public safety	-	892	892
Public works	-	208,918	208,918
Health & welfare	-	16,460	16,460
Economic development & assistance	-	566,615	566,615
Debt service	-	388,958	388,958
COMMITTED TO:			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
ASSIGNED TO:			
General government	-	-	-
Public safety	-	34,985	34,985
Culture & recreation	-	10,142	10,142
Special projects	-	341,021	341,021
Economic development & assistance	-	132,913	132,913
Total fund balances	<u>\$ -</u>	<u>\$ 1,700,904</u>	<u>\$ 1,700,904</u>

Unrestricted net position for Greenwood Utilities was comprised of unrestricted net position and board designated net position balances of \$6,820,079 and \$7,688,184, respectively.

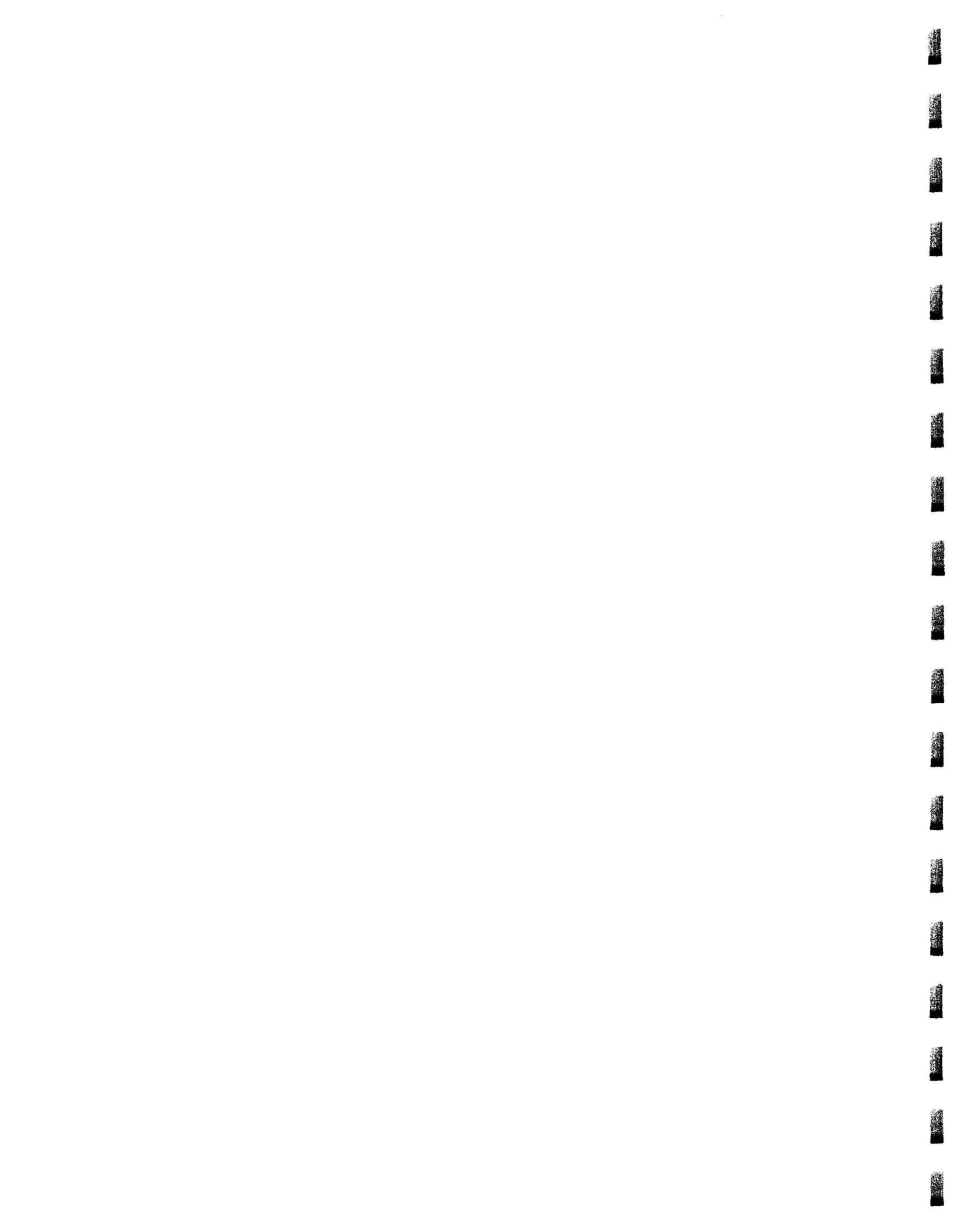
NOTE 4 - PENSION PLANS

The City of Greenwood participates in two retirement systems administered by the Public Employees' Retirement System of Mississippi (PERS). Both systems are defined benefit plans and include a multi-employer, cost-sharing pension plan and an agent multiple-employer pension plan.

A. Public Employees' Retirement System

1. Plan Description and Provisions

Substantially all City of Greenwood, Greenwood Utilities, Greenwood Tourism Commission and Greenwood-Leflore Public Library employees participate in PERS, a multi-employer, cost-sharing defined benefit public employee pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan



CITY OF GREENWOOD, MISSISSIPPI
Notes to Financial Statements
September 30, 2014

NOTE 4 - PENSION PLANS (CONTINUED):

members and beneficiaries. Benefit provisions are established by Section 21-29-201 of the Mississippi Code of 1942 as annotated and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS, 39201-1005 or by calling (601)359-3589 or 1-800-444-PERS.

2. Description of Funding Policy

PERS members are required to contribute 9% of their annual salary. The City of Greenwood, Greenwood Utilities, the Greenwood Tourism Commission and the Greenwood-Leflore Public Library are required to contribute at an actuarially determined rate. The current rate is 15.75% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature.

Annual Pension Cost. For 2014, the City's and Greenwood Utilities' annual pension cost of \$1,078,245 and \$585,379 for PERS was equal to the City's and Greenwood Utilities' required and actual contributions.

Three-Year Trend Information for PERS

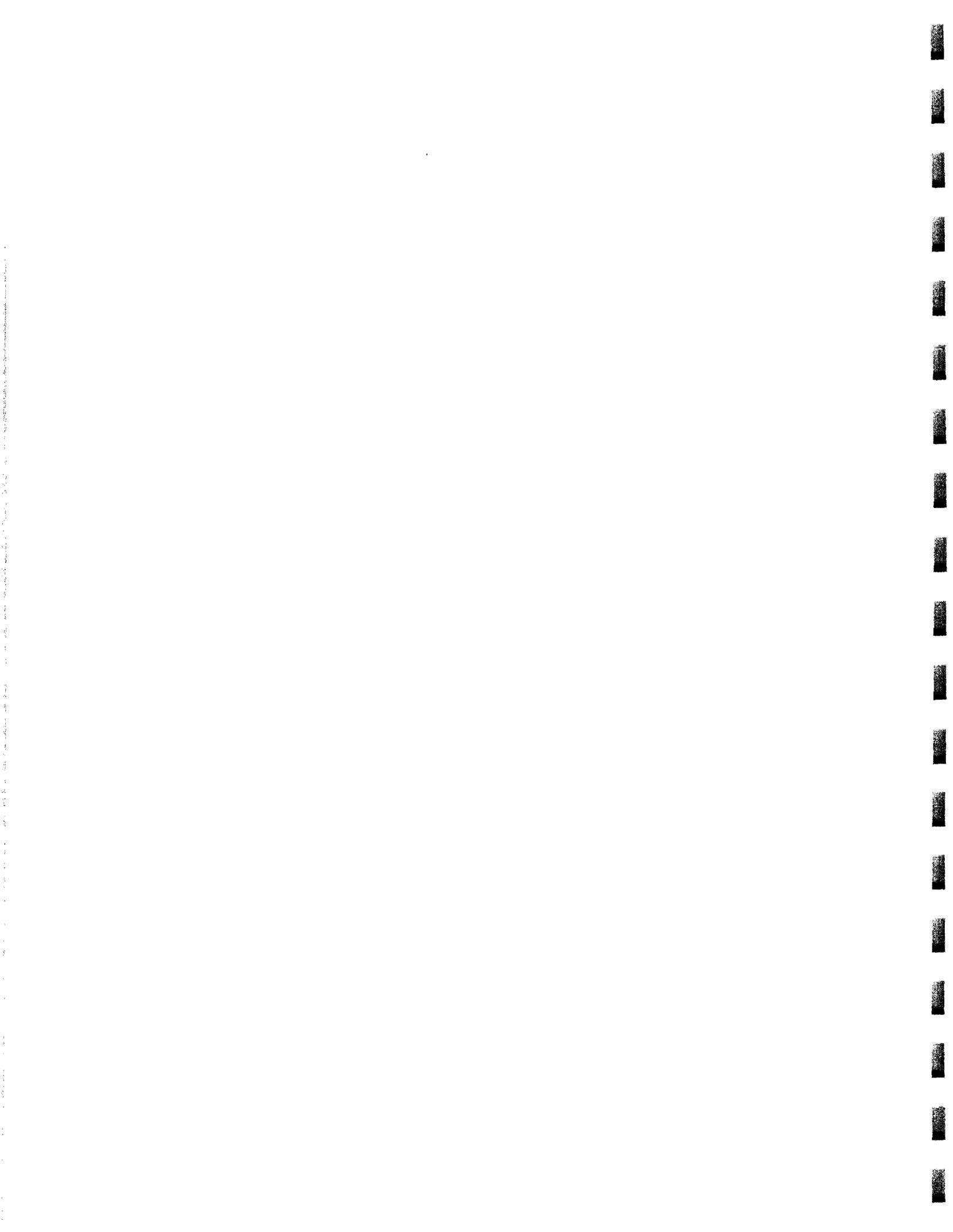
(Dollar amounts in Thousands)

Fiscal Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed
City of Greenwood		
9/30/2012	\$ 900	100%
9/30/2013	\$ 1,024	100%
9/30/2014	\$ 1,078	100%
Greenwood Utilities		
9/30/2012	\$ 525	100%
9/30/2013	\$ 574	100%
9/30/2014	\$ 585	100%

B. Disability and Relief - Municipal Retirement Systems Pension Plan

1. Plan Description

The City of Greenwood contributes to the Municipal Retirement Systems and Fire and Police Disability and Relief Fund (MRS), an agent multiple-employer defined benefit pension plan administered by the Public Employees' Retirement System of Mississippi (PERS). The City's uniformed police officers and firefighters employed prior to April 1, 1976, participate in MRS. Firefighters and police officers employed subsequent to April 1, 1976, are members of the Public Employees' Retirement System of the State as previously described. MRS provides retirement and disability benefits and death benefits to plan members and beneficiaries. Benefit provisions are established by Sections 21-29, Articles 1, 3, 5, and 7, Mississippi Code Ann. (1972) and annual local and private legislation. Only the Legislature of the State of Mississippi can amend



CITY OF GREENWOOD, MISSISSIPPI
Notes to Financial Statements
September 30, 2014

NOTE 4 - PENSION PLANS (CONTINUED):

the plan. At September 30, 2013, there were 2 participating municipal employees and 60 retired participants and beneficiaries currently receiving benefits. PERS issues a publicly available financial report that includes financial statements and required supplementary information for MRS. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS, 39201-1005 or by calling (601)359-3589 or 1-800-444-PERS.

2. Basis of Accounting

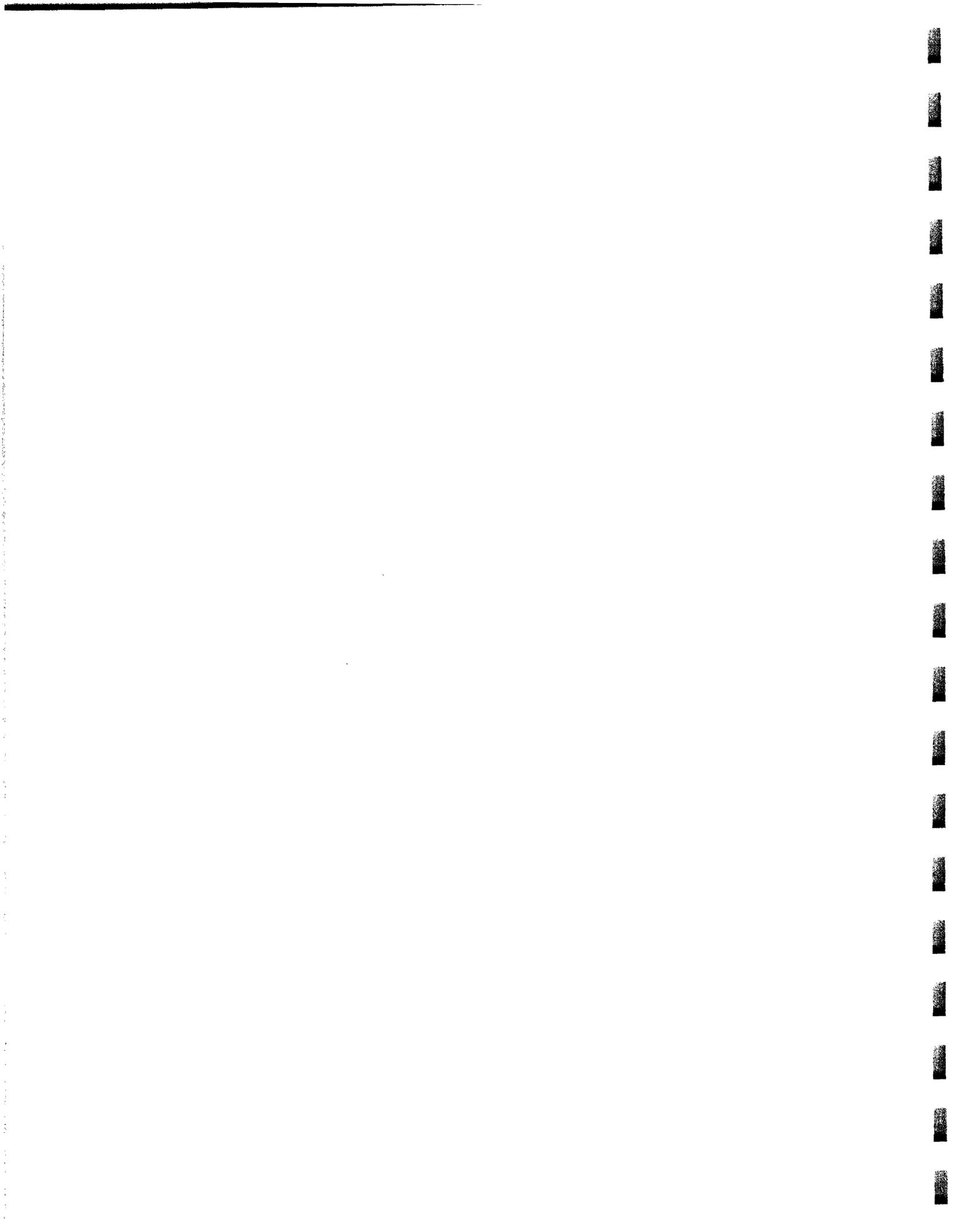
MRS uses the accrual basis of accounting. Employee and employer contributions are recognized as revenue in the period in which employee services are performed, and investment income is recognized when earned. Expenses, including benefits and refunds paid, are recognized when incurred. Investments for MRS are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Corporate bonds are valued based on yields currently available on comparable securities from issuers of similar credit rating. Mortgage securities are valued on the basis of future principal and interest payments and counted at prevailing interest rates for similar instruments. Short-term investments are reported at market value when published prices are available, or at cost

plus accrued interest, which approximates market or fair value. For individual investments where no readily ascertainable market value exists, the Public Employees' Retirement System, in consultation with their investment advisors and custodial bank, has determined the fair values.

3. Funding Status and Progress

The actuarial accrued liability is a measure intended to (i) help users assess the plan's funding status on a going-concern basis, and (ii) assess progress being made in accumulating sufficient assets to pay benefits when due. For the years ending September 30, 1994, and prior, the actuarial value of assets was equal to book value. Beginning with the September 30, 1995, actuarial valuation, the actuarial value of assets will be determined on a market related basis that recognizes 20% of the previously unrecognized and unanticipated gains and losses (both realized and unrealized). Allocation of the actuarial present value of projected benefits between past and future service was based on service using the entry age actuarial cost method. Assumptions, including projected pay increases, were the same as used to determine the system's annual required contribution between entry age and assumed exit age. Entry age was established by subtracting credited service from current age on the valuation date.

The entry age actuarial accrued liability was determined as part of an actuarial valuation of the system (but not used for funding purposes) as of June 30, 2014. Significant actuarial assumptions used in determining the entry age actuarial accrued liability include: (a) a rate of return on the investment of present and future assets of 8% per year compounded annually, (b) projected salary increases of 4.5%-6.00% per year compounded annually, attributable to 3.5% inflation, and (c) additional projected salary increases of 4.25% per year compounded annually, attributable to seniority/merit.



CITY OF GREENWOOD, MISSISSIPPI
Notes to Financial Statements
September 30, 2014

NOTE 4 - PENSION PLANS (CONTINUED):

The actuarial accrued liability was as follows:

Actuarial Accrued Liability	(In Thousands of Dollars)
Retirees and beneficiaries currently receiving benefits	\$ 7,577
Active members	568
Vested terminated members not yet receiving benefits	-
Total actuarial accrued liability	8,145
Actuarial value of assets	2,982
Unfunded actuarial accrued liability	\$ 5,163

During the year ended June 30, 2014, the System experienced a net change of (\$191,349) in the actuarial accrued liability.

The schedule of funding progress is shown below:

SCHEDULE OF FUNDING PROGRESS (\$ Thousands)						
Plan Year Ended	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry Age	(3) Percent Funded (1)/(2)	(4) Unfunded AAL (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded AAL as a Percentage of Covered Payroll (4)/(5)
9/30/05	\$2,980	\$10,131	29.4%	\$7,151	\$186	3,844.6%
9/30/06	\$3,064	\$9,981	30.7%	\$6,917	\$109	6,345.9%
9/30/07	\$3,217	\$9,526	33.8%	\$6,309	\$108	5,841.7%
9/30/08	\$3,288	\$9,018	36.5%	\$5,730	\$110	5,209.1%
9/30/09	\$3,167	\$9,248	34.2%	\$6,081	\$112	5,429.5%
9/30/10	\$3,062	\$9,020	33.9%	\$5,958	\$111	5,367.6%
9/30/11	\$3,140	\$8,572	36.6%	\$5,432	\$77	7,054.5%
9/30/12	\$2,948	\$8,490	34.7%	\$5,542	\$80	6,927.5%
6/30/13	\$2,922	\$8,337	35.0%	\$5,415	\$81	6,651.7%
6/30/14	\$2,982	\$8,145	36.6%	\$5,163	\$83	6,220.5%

Numbers shown above reflect all changes in benefit provisions, actuarial assumptions, and/or actuarial methods.

CITY OF GREENWOOD, MISSISSIPPI
Notes to Financial Statements
September 30, 2014

NOTE 4 - PENSION PLANS (CONTINUED):

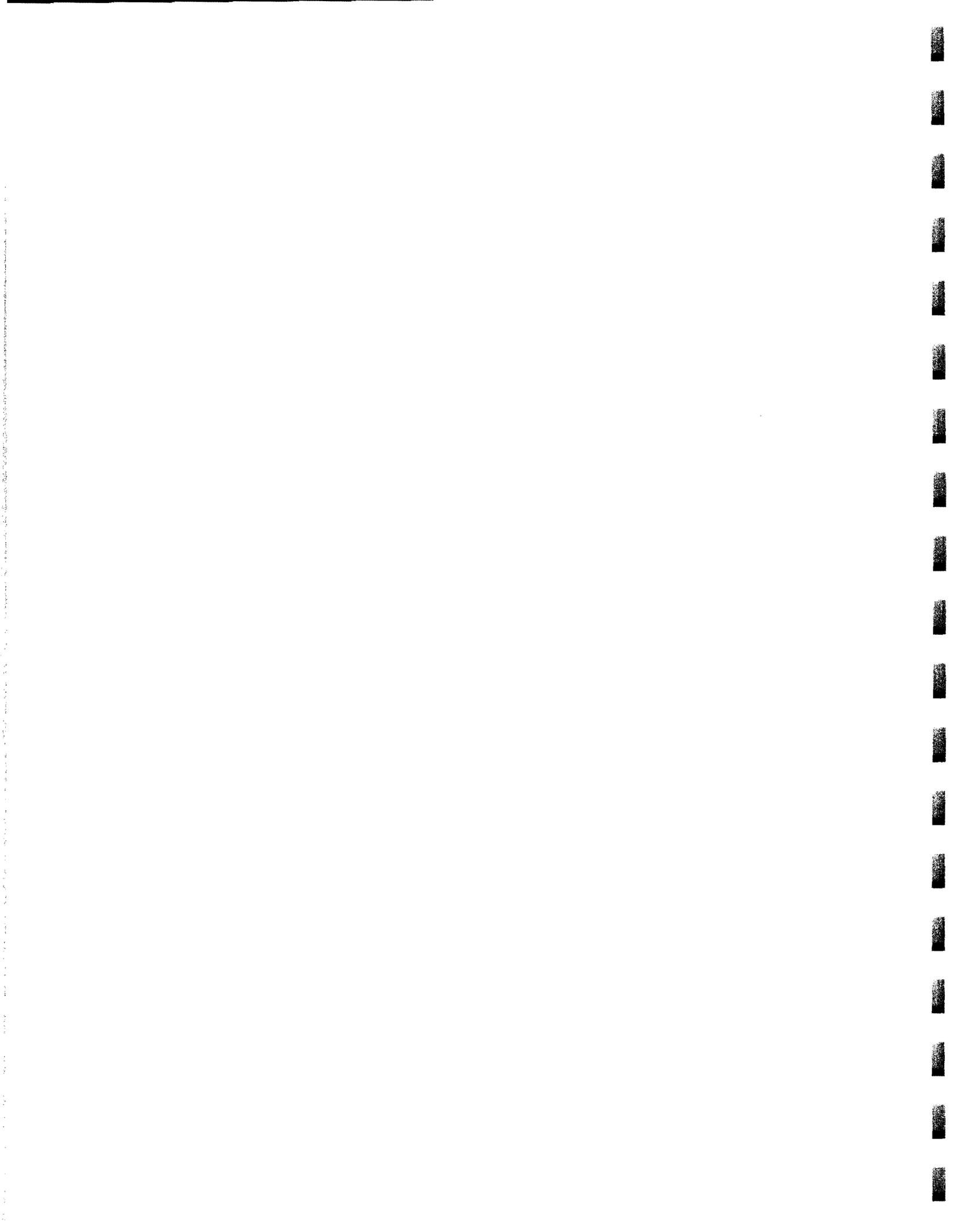
4. Contributions Required and Contributions Made

The funding policy for MRS provides for periodic employer contributions at actuarially determined rates that are designed to accumulate sufficient assets to pay benefits when due. In developing the annual required contribution shown below, the normal cost and actuarial accrued liability are determined using the entry age actuarial cost method. Unfunded actuarial accrued liability is being amortized on a level dollar closed amortization method over 20 years. The City's active MRS members contribute ten percent of their base salaries to the plan. This difference has historically resulted in the actual contributions being less than the annual required contributions.

SCHEDULE OF EMPLOYER CONTRIBUTIONS			
FISCAL YEAR	VALUATION DATE	ANNUAL REQUIRED CONTRIBUTION	PERCENTAGE CONTRIBUTED
2005-06	9/30/05	\$653,548	113.3
2006-07	9/30/06	\$629,660	118.2
2007-08	9/30/07	\$582,979	135.2
2008-09	9/30/08	\$537,729	130.5
2009-10	9/30/09	\$576,859	120.3
2010-11	9/30/10	\$571,815	134.1
2011-12	9/30/11	\$523,849	121.2
2012-13	9/30/12	\$542,575	90.0
2013-14	6/30/13	\$540,218	N/A
2014-15	6/30/14	\$525,624	N/A

5. Supplemental Disclosure Information

<u>NUMBER OF ACTIVE AND RETIRED PARTICIPANTS AS OF JUNE 30, 2014</u>	
<u>GROUP</u>	<u>NUMBER</u>
Retired participants and beneficiaries currently receiving benefits	60
Terminated participants and beneficiaries entitled to benefits but not yet receiving benefits	0
Active participants	2
Inactive participants	<u>0</u>
Total	<u>62</u>



CITY OF GREENWOOD, MISSISSIPPI
Notes to Financial Statements
September 30, 2014

NOTE 4 - PENSION PLANS (CONTINUED):

The annual required contribution (ARC) of the employer as a dollar amount, determined in accordance with the parameters of GASB 25/27, is shown below:

2014/2015 FISCAL YEAR ANNUAL REQUIRED CONTRIBUTION (ARC) BASED ON THE VALUATION AS OF JUNE 30, 2014	
Normal	\$ 8,352
Accrued liability	517,272
Total	<u>\$525,624</u>

Additional information as of June 30, 2014:

Valuation date	6/30/14
Actuarial cost method	Entry age
Amortization method	Level dollar closed
Remaining amortization period	20 years
Asset valuation method	5-year smoothed market
Actuarial assumptions:	
Investment rate of return *	8.00%
Projected salary increases #	4.50%-6.00%
*includes price inflation at	3.50%
#includes wage inflation at	4.25%
Cost-of-living adjustments	None

NOTE 5 - OTHER INFORMATION

A. Risk Management

1. Unemployment Benefits

The City maintains an Unemployment Compensation Revolving Fund established pursuant to state law. In addition to funding all valid claims, the City is required to maintain the balance in the fund at no less than 2% of the first \$6,000 paid each employee during the preceding year. As of September 30, 2014, the required amounts were funded. Claims totaled \$13,610 during fiscal year 2014 for the City of Greenwood. Greenwood Utilities paid \$17,638 for unemployment claims and \$2,615 as a .5% employer.

2. Group Employee Benefits

Additionally, the City maintains the Employees' Group Benefit Fund (Internal Service Fund) to account for the accumulation of revenues, principally contributions from the City of Greenwood and employees, to be used to fund future liabilities and current payment of employee medical claims and related administration expenditures of the City's group benefit plan. Revenues, including interest income and reinsurance funds, totaled \$1,279,570, and employee benefit costs and administrative expenses were \$1,281,092 during fiscal year 2014. Claims incurred but not reported at September 30, 2014, in the Employees' Group Benefit Fund are provided for in claims payable and totaled \$75,594.

Greenwood Utilities maintains a Medical Plan Reserve Fund to account for the accumulation of revenues, principally contributions from the utility



CITY OF GREENWOOD, MISSISSIPPI
Notes to Financial Statements
September 30, 2014

NOTE 5 - OTHER INFORMATION (CONTINUED):

and employees, to be used to fund future liabilities and current payment of employee medical claims and related administration expenditures of the utilities' medical plan. Revenues totaled \$804,005, and employee benefit costs were \$808,400 during fiscal year 2014. Claims incurred but not reported at September 30, 2014, in the Medical Plan Reserve Fund are included in group medical insurance claims allowance as a restricted liability and totaled \$18,889.

3. The following table provides a reconciliation of changes in liabilities for claims for the City of Greenwood (Greenwood Utilities not included):

	Unemployment Benefits Fund	Employee Benefit Fund
Ending balance, 10/1/2012	\$ 57,243	\$ 345,148
Current year claims	-	1,357,685
Interest earnings	142	1,181
Claims payments	(6,762)	(1,409,634)
Ending balance, 9/30/13	50,623	294,380
Current year claims	-	1,279,110
Interest earnings	60	460
Transfer in	25,000	-
Claims payments	(13,610)	(1,281,092)
Ending balance, 9/30/14	\$ 62,073	\$ 292,858

4. Workers' Compensation Benefits

Risk of loss related to workers' compensation for injuries to City employees is covered through the Mississippi Municipal Workers' Compensation Group, a public entity risk pool. The pool was formed on March 28, 1989, by the Mississippi Nonprofit Corporation Act, pursuant to Section 71-3-75, Mississippi Code Annotated (1972), to provide public entities within the State of Mississippi workers' compensation and employers' liability coverage. The City pays premiums to the pool for its workers' compensation insurance coverage based on total payroll. The participation agreement provides that the pool will be self-sustaining through member premiums. The risk of loss is remote for claims exceeding the pool's retention liability. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered. For insured programs there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Greenwood Utilities purchases insurance for its workers' compensation coverage.



CITY OF GREENWOOD, MISSISSIPPI
Notes to Financial Statements
September 30, 2014

NOTE 5 - OTHER INFORMATION (CONTINUED):

5. Tort Liability

In compliance with the Tort Claims Act, Chapter 46 of Title 11 and as amended by the 1993 Legislature, Section 11-46-17(3) requires all municipalities from and after October 1, 1993, to obtain such policies of insurance, establish self-insurance reserves, or provide a combination of insurance and reserves necessary to cover all risks of claims and suits for which the City of Greenwood may be liable under the Tort Claims Act.

In order to assure compliance with the Tort Claims Act, the Mississippi Tort Claims Board was established by House Bill 417. Municipalities are required to submit plans of insurance, self-insurance and/or reserves to the Tort Claims Board for approval.

Municipalities may comply with the requirements of the Tort Claims Act by one of the following methods: (1) Purchase of liability insurance, (2) Pooling of two or more municipalities or other political subdivisions to purchase liability insurance or to self-insure, (3) Self-insure with the establishment of a self-insurance reserve fund.

The City of Greenwood, Greenwood Utilities, the Greenwood Tourism Commission and the Greenwood-Leflore Public Library are in compliance by purchasing liability insurance through the Mississippi Municipal Liability Plan (MMLP), a public entity risk pool. The group is a risk-sharing pool; such a pool is frequently referred to as a self-insurance pool. MMLP covers risks of loss against members in the group arising from claims related to torts and other liability claims. The Mississippi Municipal Liability Plan requires that an indemnity agreement be executed by each member in the pool for the purpose of jointly and severally binding the pool and each of the members comprising the group to meet the liability obligations of each member. The general policy limit is \$500,000 per occurrence, but the policy also tracks the Mississippi tort claims law for municipalities that limits the City's liability to \$500,000 per occurrence. The policy also covers up to \$1,000,000 in federal claims. If total claims during a year were to deplete the trust account, then the pool members would be required to pay for the deficiencies. Settled claims resulting from these insured risks have not exceeded the City's insurance coverage since it joined the pool, and the members have not had an additional assessment for excess losses incurred by the pool.

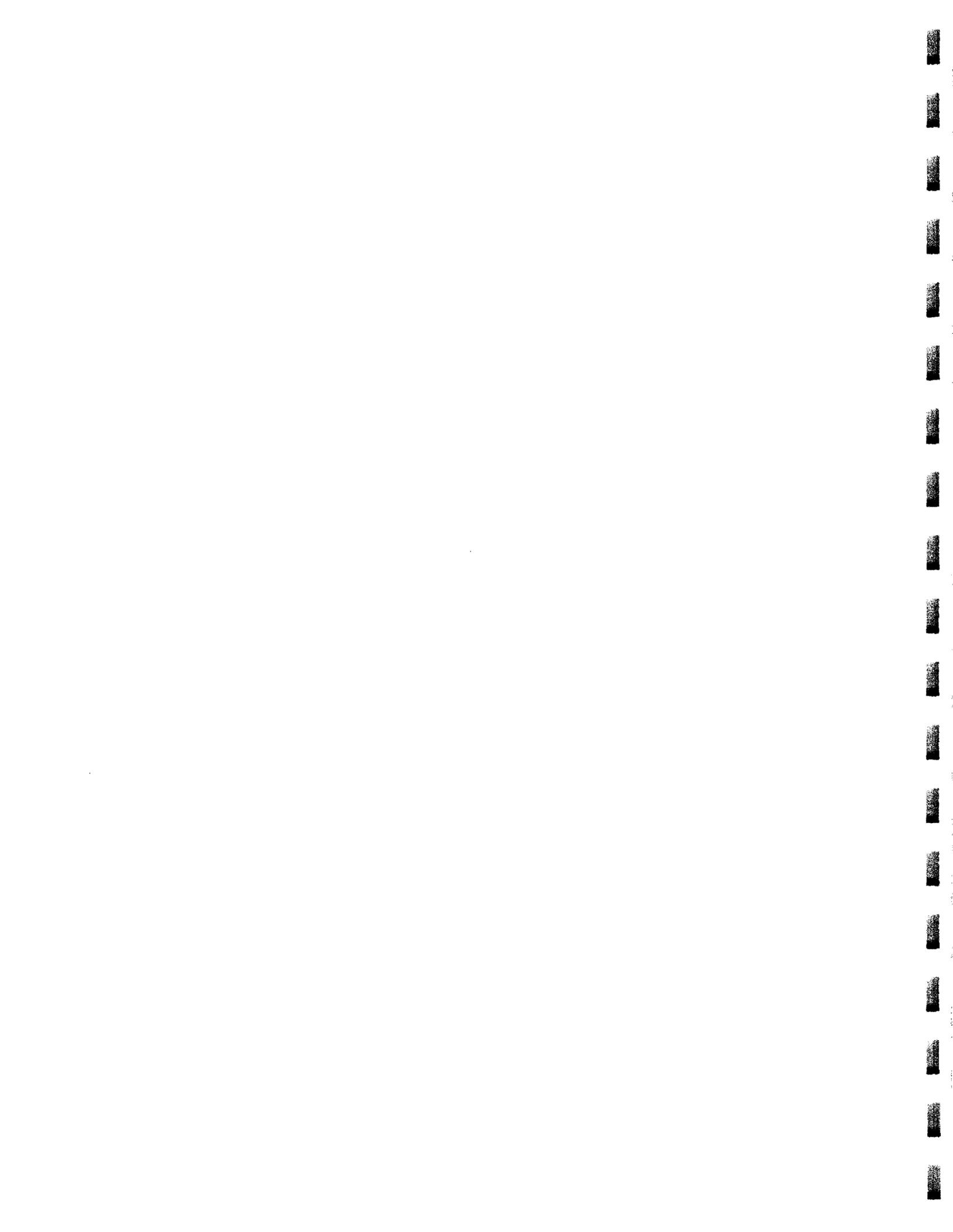
6. Real and Personal Property Insurance

The City and Greenwood Utilities purchase commercial policies to insure its real and personal property.

B. Commitments

MEAM Joint Venture and Power Purchase Contract:

Greenwood Utilities is a participant in the Municipal Energy Agency of Mississippi (MEAM). MEAM is a joint action agency organized and chartered by the State of Mississippi for the purposes of planning, financing, constructing and/or obtaining an electrical power and energy supply for the needs of its member cities: Greenwood, Canton, Durant, Itta Bena, Kosciusko and Leland. These cities manage and operate their own electrical utility system. Each member appoints one commissioner to MEAM's board. Members have no equity interest in MEAM, except for \$63,179 (Greenwood Utilities' share being \$27,856). MEAM is considered to



CITY OF GREENWOOD, MISSISSIPPI
Notes to Financial Statements
September 30, 2014

NOTE 5 - OTHER INFORMATION (CONTINUED):

be a joint venture, since no member can unilaterally control the financial or operating policies of MEAM and members have an ongoing financial responsibility. MEAM is exposed to credit risk in its arrangements with its members, suppliers and others.

In 1984, Greenwood Utilities entered into a power purchase contract and power sales contract with MEAM (updated in 1992), which provides that Greenwood Utilities will purchase its electrical power from MEAM through the year 2022. Greenwood Utilities agreed to sell MEAM the excess capacity and electrical power generated by its generating stations, resulting in all the electrical power requirements of Greenwood Utilities being purchased from MEAM per the contract. These contracts may be terminated by MEAM upon termination of the interconnection agreement between MEAM and Entergy. Greenwood Utilities may terminate the contracts following termination of MEAM's interconnection agreement or two (2) years written notice to MEAM of intent to terminate.

In 2006, MEAM issued bonds for a 6% undivided interest in Plum Point Energy Station, a 665 MW coal-fired electric generation facility in Mississippi County, AR. Plum Point provides MEAM with a long-term, cost-based source of electricity to meet a portion of its members' base load electricity requirements. MEAM is required to pay its proportionate share of plant operation costs, operating reserves, working capital requirements and plant closure costs. As a result, MEAM has entered into life of unit, take-or-pay power purchase agreements with each of its member municipalities. These power purchase agreements require the municipalities to pay all of MEAM's costs associated with Plum Point.

Sales Tax Pledge:

The City has pledged sales tax reimbursements from the State of Mississippi to pay the Department of Environmental Quality for a sewer rehab revolving loan to the Sewage Enterprise Fund. The outstanding balance of this loan at September 30, 2014, was \$5,690,680. Detailed information is provided in Note 3.

Wastewater Treatment Facility:

The City is constructing a new wastewater treatment facility, due to the current wastewater treatment facility not being compliant with EPA requirements. The new facility must be completed by the year 2015. If the facility is not completed by 2015, the City may be subject to EPA enforced fines.

The estimated cost of the new wastewater treatment facility project is \$39,025,000. Project funding will be provided by state and federal funds, a state revolving loan, as well as an increase in sewage fees. Sewage fees will be increased annually over five years to finance the loan repayment. As of September 30, 2014, the City had borrowed \$28,075,207 in conjunction with the design and construction of the wastewater treatment facility project. The City has pledged sales tax revenue. Detailed information is provided in Note 3.

C. Contingent Liabilities

Grants

The City participates in a number of state and federally funded grant programs, principal of which are the U.S. Department of Justice and the



CITY OF GREENWOOD, MISSISSIPPI
Notes to Financial Statements
September 30, 2014

NOTE 5 - OTHER INFORMATION (CONTINUED) :

U.S. Department of Transportation grants. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the City may be required to reimburse the grantor government. As of September 30, 2014, the City believes that disallowed expenditures, if any, discovered in subsequent audits will not have a material effect on any of the individual funds or the overall financial position of the City.

Litigation

The City is a defendant in a number of legal actions seeking actual and punitive damages. The City is vigorously defending all matters of litigation and believes there will be no material adverse financial effects. The City believes that liability insurance will cover any possible claims.

In the normal course of business, Greenwood Utilities is, from time to time, subject to allegations that may or do result in litigation. Greenwood Utilities evaluates such allegations by conducting investigations to determine the validity of each potential claim. Based upon the advice of legal counsel, management records an estimate of the amount of ultimate expected loss, if any, for each. Events could occur that would cause the estimate of ultimate loss to differ materially in the near term. No estimates for loss is recorded at September 30, 2014.

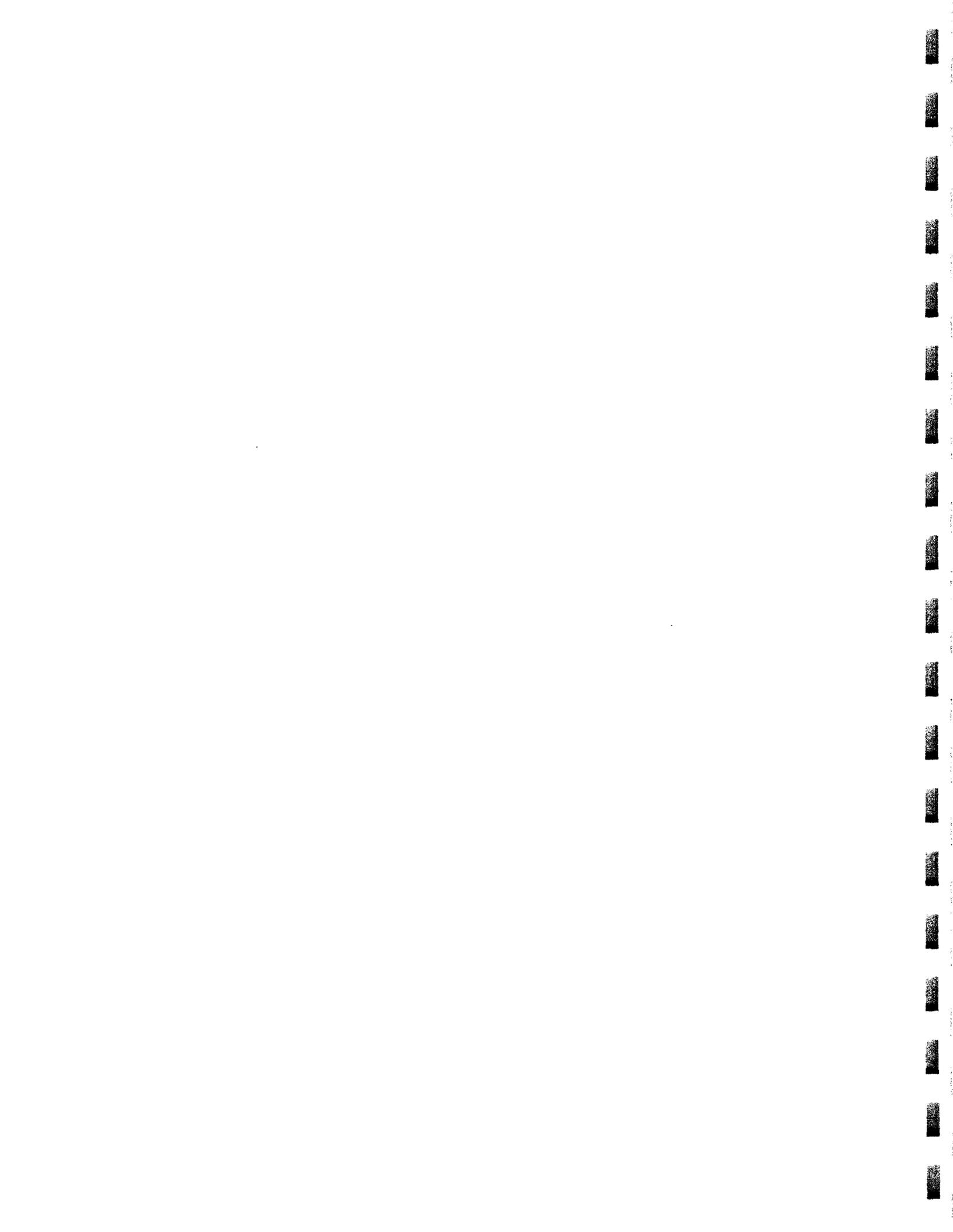
Milwaukee Tool MBIA Bond Issue

The City issued \$3,600,000 General Obligation MBIA Bonds, Series 2002, on December 1, 2002, for Milwaukee Electric Tool Corporation. Milwaukee Electric Tool Corporation is leasing the real property from the City for 12,166 monthly and adjusted to \$24,864 monthly beginning August 2003, for the initial term and all renewal periods. The lease between the City and Milwaukee Tool is for 5 years commencing on November 15, 2001, with an option to renew for three (3) additional 5-year terms. The third option has been exercised.

The bond is a general obligation of the City secured (i) by the City's forfeiture of its sales tax allocation and/or homestead exemption reimbursement, and (ii) if the City has forfeited its sales tax allocation and/or homestead exemption reimbursement for twelve (12) months, from the avails of a direct tax to be levied annually without limitation as to rate or amount upon all the taxable property within the geographical limits of the City, but only in the event that the sources by items (i) above are insufficient therefore.

D. Joint Ventures

The following provides the summary financial information of the Municipal Energy Agency of Mississippi (MEAM) as of September 30, 2014, the Greenwood-Leflore Airport September 30, 2013 (September 30, 2014, not yet issued) and the Greenwood-Leflore Industrial Board as of September 30, 2013 (September 30, 2014, not yet issued):



CITY OF GREENWOOD, MISSISSIPPI
Notes to Financial Statements
September 30, 2014

NOTE 5 - OTHER INFORMATION (CONTINUED):

<u>Municipal Energy Agency of Mississippi (MEAM)</u>	<u>2014</u>
Total assets	\$ 126,920,921
Total liabilities	\$ 102,962,382
Total deferred inflows of resources	\$ 18,409,452
Total net position	\$ 5,549,087
Total revenues	\$ 39,371,451
Total expenses	\$ 39,321,254
Increase (decrease) in net position	\$ 50,197
Total debt	\$ 100,406,732

(A) Financial statements for MEAM can be obtained at the following address: Municipal Energy Agency of Mississippi, 6000 Lakeover Road, Jackson, Mississippi 39213

<u>Greenwood-Leflore Airport</u>	<u>2013</u>
Total assets	\$ 10,246,798
Total liabilities	\$ 223,481
Total net position	\$ 10,023,317
Total program and general revenues	\$ 829,830
Total expenses	\$ 856,012
Increase (decrease) in net position	\$ (26,182)
Accrued compensated absences	\$ 14,523

(A) The percentage share of the joint venture applicable to the City of Greenwood is fifty percent (50%).



CITY OF GREENWOOD, MISSISSIPPI
Notes to Financial Statements
September 30, 2014

NOTE 5 - OTHER INFORMATION (CONTINUED) :

<u>Greenwood-Leflore Industrial Board</u>	<u>2013</u>
Total assets	\$ 31,908
Total liabilities	\$ 31,908
Total net position	\$ -
Total program and general revenues	\$ 204,538
Total expenses	\$ 204,538
Increase (decrease) in net position	\$ -
Accrued compensated absences	\$ 5,624

(A) The percentage share of the joint venture applicable to the City of Greenwood is fifty percent (50%).

E. Economic Dependence

The electricity Greenwood Utilities generates is sold to MEAM. The electricity that is sold to customers is purchased from MEAM. More electricity is purchased from MEAM than is generated, resulting in Greenwood Utilities being dependent on MEAM for purchased power.

F. Comprehensive Income

Net comprehensive income is equal to net income.

NOTE 6 - WRIGHT STATION CAPITAL ASSETS

Greenwood Utilities has placed Wright Station on cold standby. As a result, Wright Station capital assets are considered to be idle. The carrying amount of these capital assets at year-end was \$0. Effective January 1, 2014, Greenwood Utilities no longer receives capacity payments from MEAM for the Wright Generating Station.

NOTE 7 - INVENTORY WRITE-DOWN

In fiscal year ended September 30, 2014, management and the Board of Commissioners of Greenwood Utilities made the decision to write down coal inventory to \$0 to reflect the lower of cost or market, as Greenwood Utilities no longer intends to use the coal for electric generation.



CITY OF GREENWOOD, MISSISSIPPI
Notes to Financial Statements
September 30, 2014

NOTE 8 - PRIOR PERIOD ADJUSTMENTS

In 2014, the City recorded adjustments to its government-wide and proprietary fund financial statements. The adjustments were to correct the following:

Correction of an error - Adjustments to correct a prior year error in recording an asset and liability.

	<u>2013 Beginning Fund Balance</u>	<u>Prior Period Adjustment</u>	<u>2013 Adjusted Fund Balance</u>
Adjustment to depreciate capital leases for the Solid Waste Enterprise Fund	\$ 965,280	\$ (714,156)	\$ 251,124
Adjustment to depreciate capital leases for the General Fund Fire Department in the Government-Wide Financial Statements	\$ 25,071,395	\$ (125,211)	\$ 24,946,184

NOTE 9 - SUBSEQUENT EVENTS

In fiscal year 2015, the City entered into a capital lease for the purchase of five (5) new 2015 Ford Explorers. The purchase of these police vehicles provides for a better service in patrolling the City's streets. Payments on this capital lease begin March, 2015 with 36 monthly payments in the amount of \$4,292 at an interest rate of 1.6%.

In addition the City plans to enter into another capital lease for the purchase of five (5) garbage trucks and four (4) trash trucks with estimated monthly payments of \$43,634 over 36 months at an interest rate of 1.55% as soon as the (4) trash trucks are delivered. The purchase of these trucks provides for a more efficient service in picking up the City's trash and garbage.

In March 2015, the City issued G.O. Refunding Bonds, Series 2015, to provide funds for the advance refunding of the current 2005 and 2006 G.O. Bonds, as well as the payment of the associated bond issuance costs. A total of \$2,155,000 was received from the 2015 bond issuance and will pay down the 2005 and 2006 G.O. Bonds outstanding balances to \$70,000 and \$95,000, respectively.

In May 2015, the City issued Tax Increment Limited Obligation (TIF) Bonds, Series 2015, in the amount of \$265,000 to assist in the development of the Landing Retail Center, a commercial property that operates as a convenience store and truck fueling station.

On February 3, 2015, the City issued G.O. Public Improvement Bonds, Series 2015, in the amount of \$3,000,000 to raise money for erecting, repairing, adorning and equipping a municipal building for the use of a police station.



CITY OF GREENWOOD, MISSISSIPPI
Notes to Financial Statements
September 30, 2014

NOTE 9 - SUBSEQUENT EVENTS (CONTINUED):

The City has purchased 1013 Sycamore Street located in the Greenwood-Leflore Industrial Park at a price of \$1,500,000 with renovations, architect and legal and professional fees estimated to be \$3,500,000. The City has received a \$500,000 MDA (Mississippi Development Authority) ACE grant, a MDA CDBG \$2,500,000 economic development grant, and a SMEPA (South Mississippi Electric Power Association) loan in the amount of \$2,000,000 at 0% interest to be repaid over ten years. Milwaukee Electric Tool Corporation has agreed to monthly lease payments in order to service the \$2,000,000 debt.

Management has evaluated subsequent events through June 22, 2015, the date on which the financial statements were available to be issued.

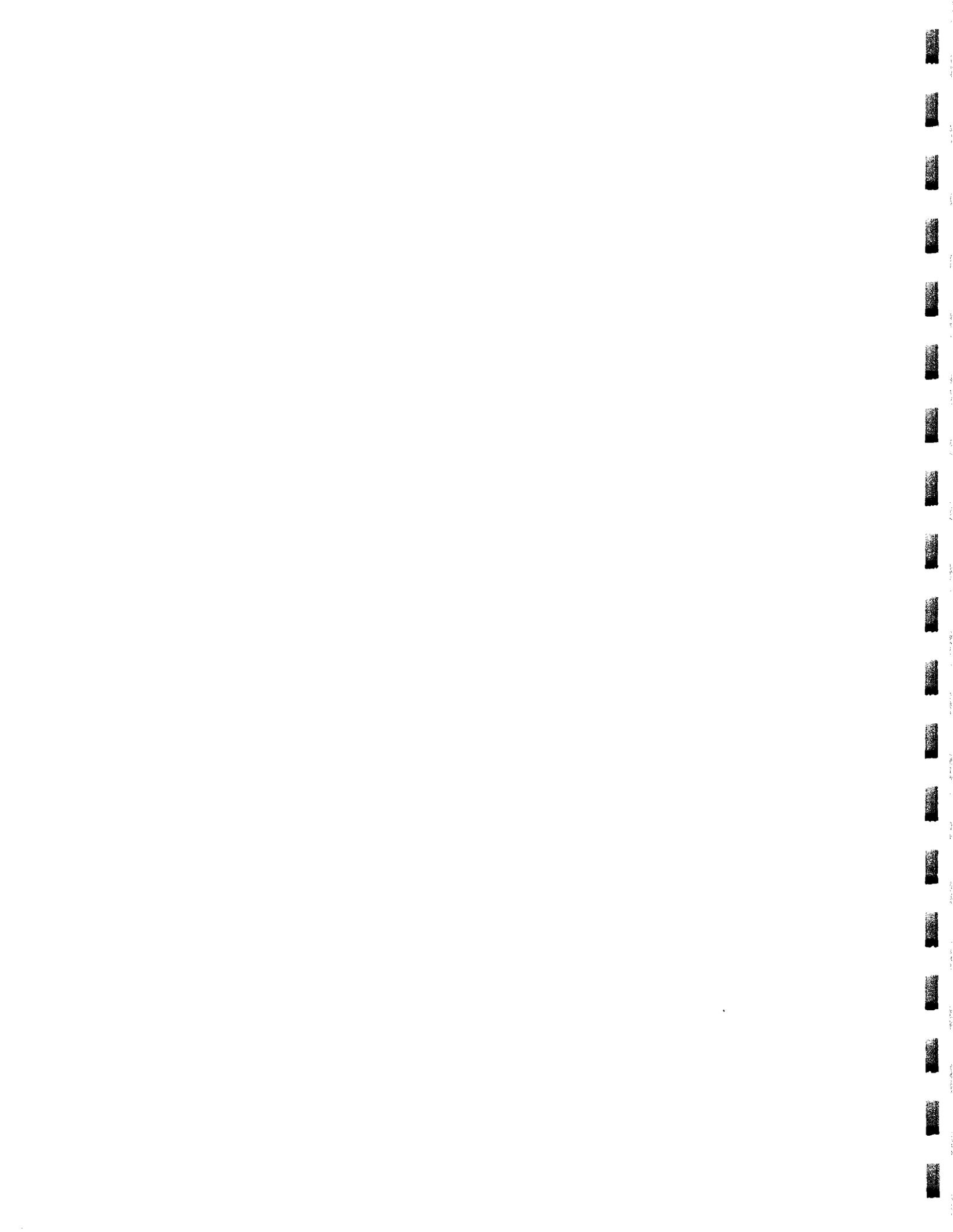


SUPPLEMENTAL INFORMATION



CITY OF GREENWOOD, MISSISSIPPI
Schedule of Surety Bonds for Municipal Officials
September 30, 2014

NAME	POSITION	COMPANY	BOND AMOUNT
CAROLYN H. MCADAMS	MAYOR	TRAVELERS CASUALTY	\$ 100,000
THOMAS GREGORY, III	CHIEF ADMINISTRATIVE OFFICER	FCCI INS GROUP	\$ 50,000
NICK JOSEPH, JR.	CITY CLERK	FCCI INS GROUP	\$ 50,000
RAYMOND K. MOORE	POLICE CHIEF	TRAVELERS CASUALTY	\$ 50,000
JOHN JENNINGS, JR.	COUNCILMAN	TRAVELERS CASUALTY	\$ 100,000
CARL PALMER	COUNCILMAN	TRAVELERS CASUALTY	\$ 100,000
LISA C. COOKSTON	COUNCILWOMAN	TRAVELERS CASUALTY	\$ 100,000
CHARLES E. MCCOY, SR.	COUNCILMAN	TRAVELERS CASUALTY	\$ 100,000
DOROTHY ANN GLENN	COUNCILWOMAN	TRAVELERS CASUALTY	\$ 100,000
DAVID L. JORDAN	COUNCILMAN	TRAVELERS CASUALTY	\$ 100,000
RONALD STEVENSON	COUNCILMAN	TRAVELERS CASUALTY	\$ 100,000



Robert K. VanDevender, CPA
Lance Mohamed, CPA
Robert A. Hearn, CPA

W. Lee Mattox, CPA
William A. Adams, CPA
Gay G. Moss, CPA



Fred T. Neely, CPA
(1897-1967)
Billy Joe Killebrew, CPA
(1942-2010)
Ralph F. Neely, CPA
(1927 -)

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

To the City Council
City of Greenwood, Mississippi

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Greenwood, Mississippi (the City), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 22, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

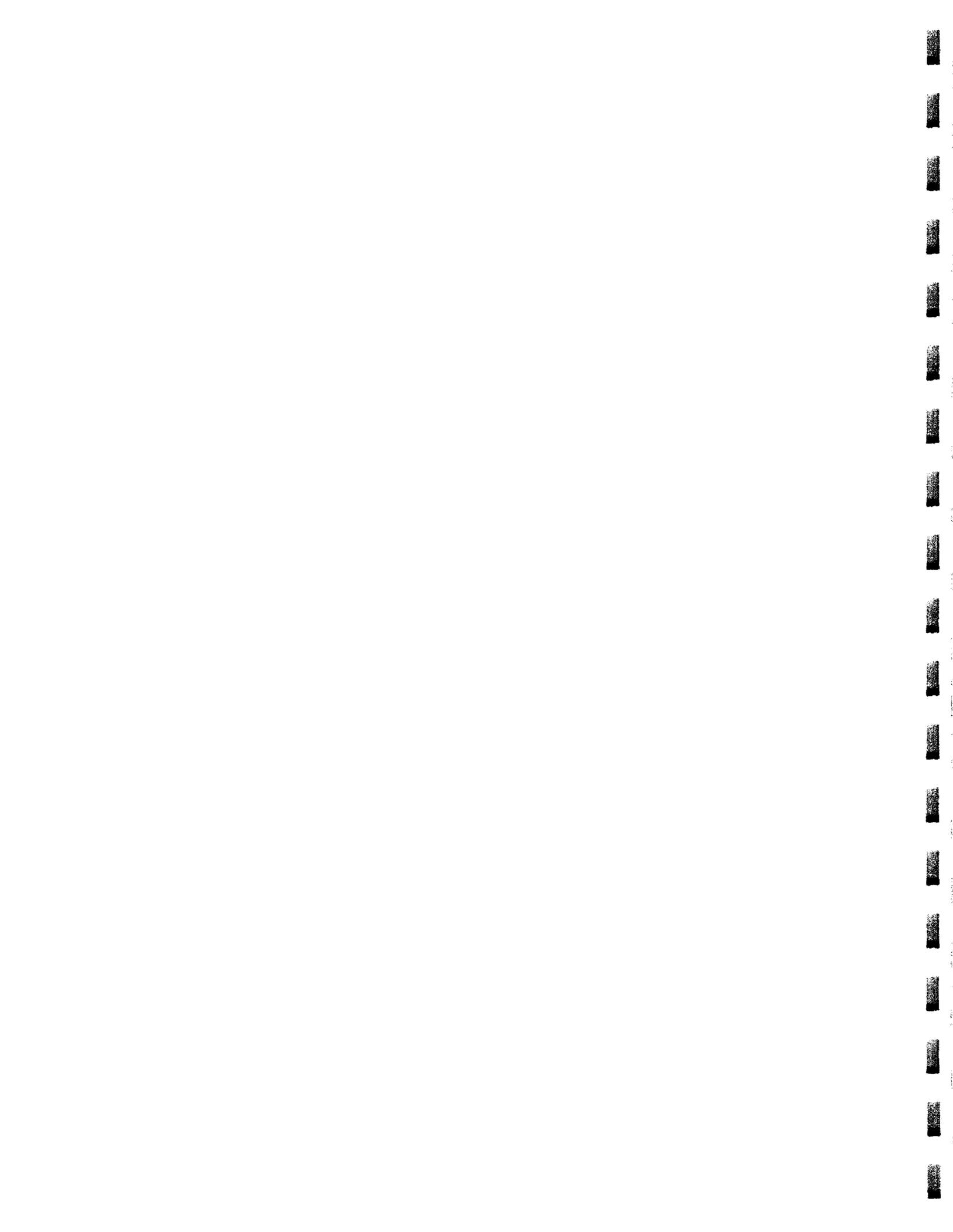
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses to be material weakness: 2014-1.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an



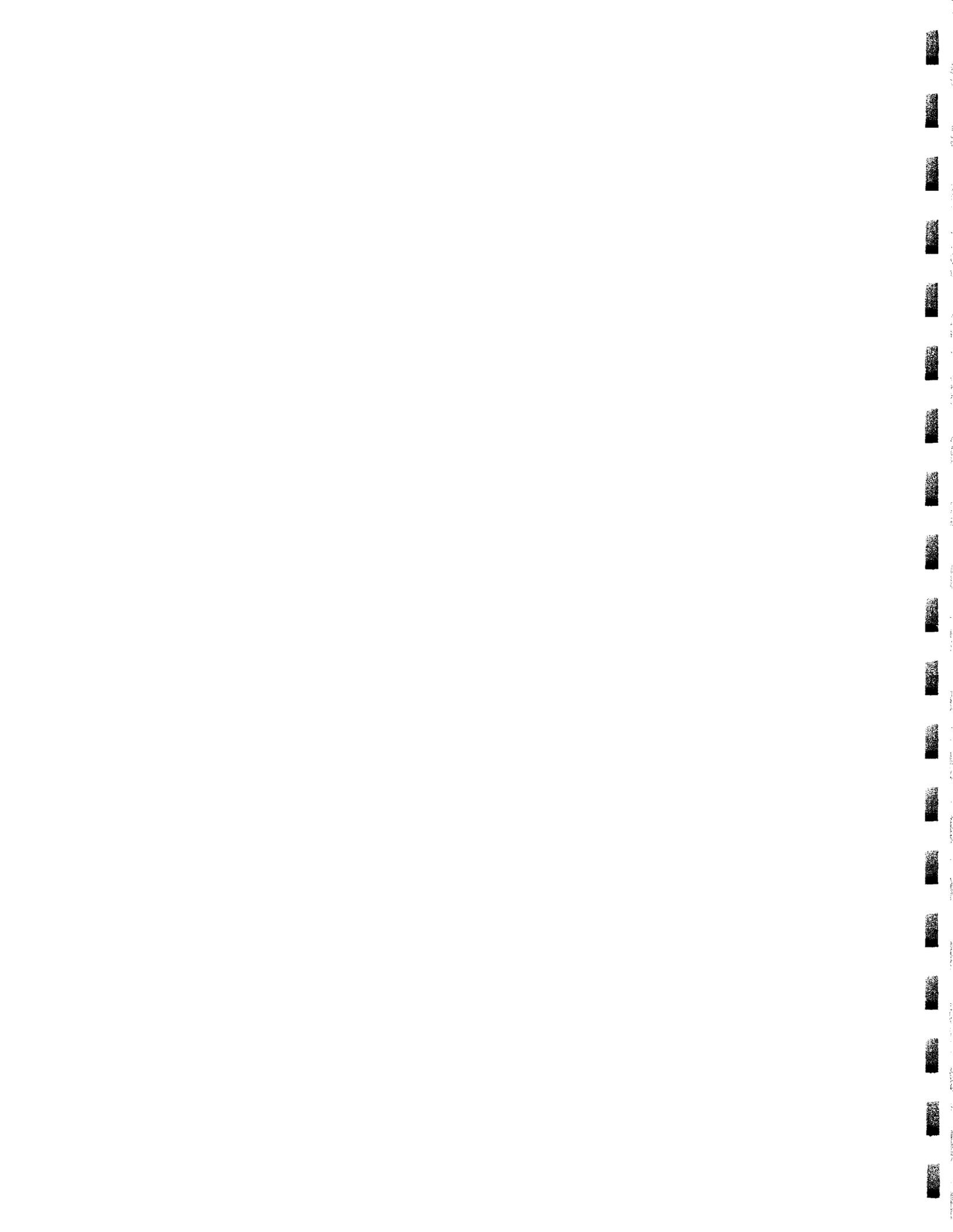
City Council
June 22, 2015
Page 2

integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Fred T. Neely & Company, PLLC



Greenwood, Mississippi
June 22, 2015



Robert K. VanDevender, CPA
Lance Mohamed, CPA
Robert A. Hearn, CPA

W. Lee Mattox, CPA
William A. Adams, CPA
Gay G. Moss, CPA



Fred T. Neely, CPA
(1897-1967)
Billy Joe Killebrew, CPA
(1942-2010)
Ralph F. Neely, CPA
(1927 -)

**INDEPENDENT AUDITOR'S REPORT ON
COMPLIANCE WITH STATE LAWS AND REGULATIONS**

To the City Council
City of Greenwood, Mississippi

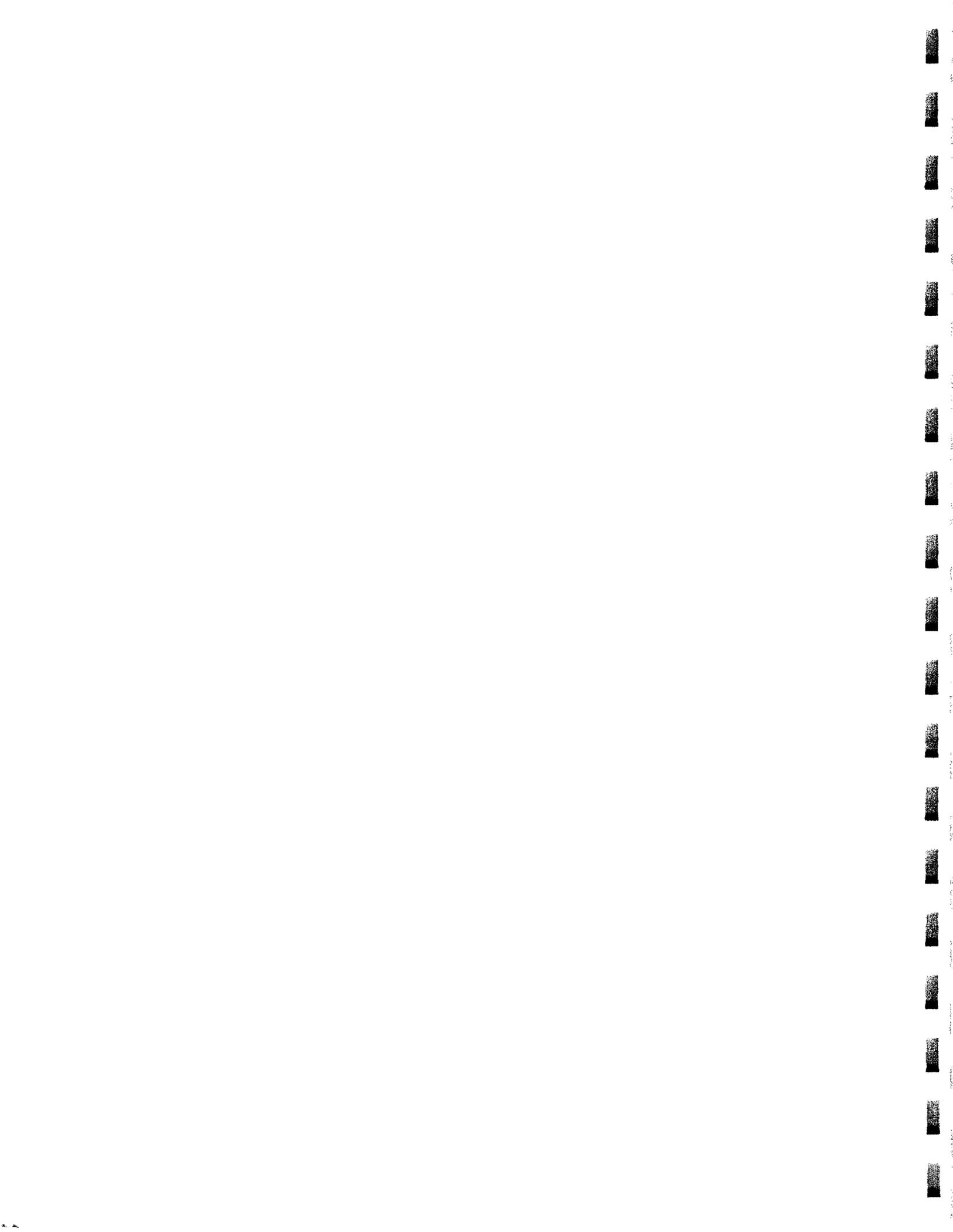
We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Greenwood, Mississippi, as of and for the year ended September 30, 2014, and have issued our report thereon dated June 22, 2015. We have 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*. The financial statements of the Greenwood Tourism Commission and the Greenwood-Leflore Public Library were not audited in accordance with *Government Auditing Standards*.

As required by the state legal compliance audit program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain state laws and regulations. However, providing an opinion on compliance with state laws and regulations was not an objective of our audit and, accordingly, we do not express such an opinion. The results of those procedures and our audit of the basic financial statements disclosed material instances of noncompliance with state laws and regulations presented as 2014-2 in the accompanying Schedule of Findings.

This report is intended for the information of the City's management, the City Council, and the Office of the State Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Fred T. Neely & Company, PLLC

Greenwood, Mississippi
June 22, 2015



CITY OF GREENWOOD, MISSISSIPPI
Summary Schedule of Prior Audit Findings
Year Ended September 30, 2014

2013-1. Findings relating to Financial Statements Audit

Condition: Since the City's books were maintained in accordance with state budgetary law, management requested us to assist in converting your accounting records from the budgetary basis to the accrual basis so that the financial statements could be prepared in conformity with accounting principles generally accepted in the United States of America. Management also requested us to prepare a draft of the City's financial statements, including the related notes to the financial statements. The outsourcing of this service is not unusual in cities of your size and was a result of the City's cost benefit decision to use our accounting expertise rather than to incur internal resource costs.

Management reviewed, approved, and accepted responsibility for those financial statements prior to their issuance; however, management did not perform a detailed review of the financial statements. The absence of this control procedure was considered a material weakness because there is more than a remote likelihood that a material misstatement of the financial statements could occur and not be prevented or detected by the City's internal control over financial reporting.

Recommendation: Management should perform a detailed review of the financial statements and note disclosures before issuance.

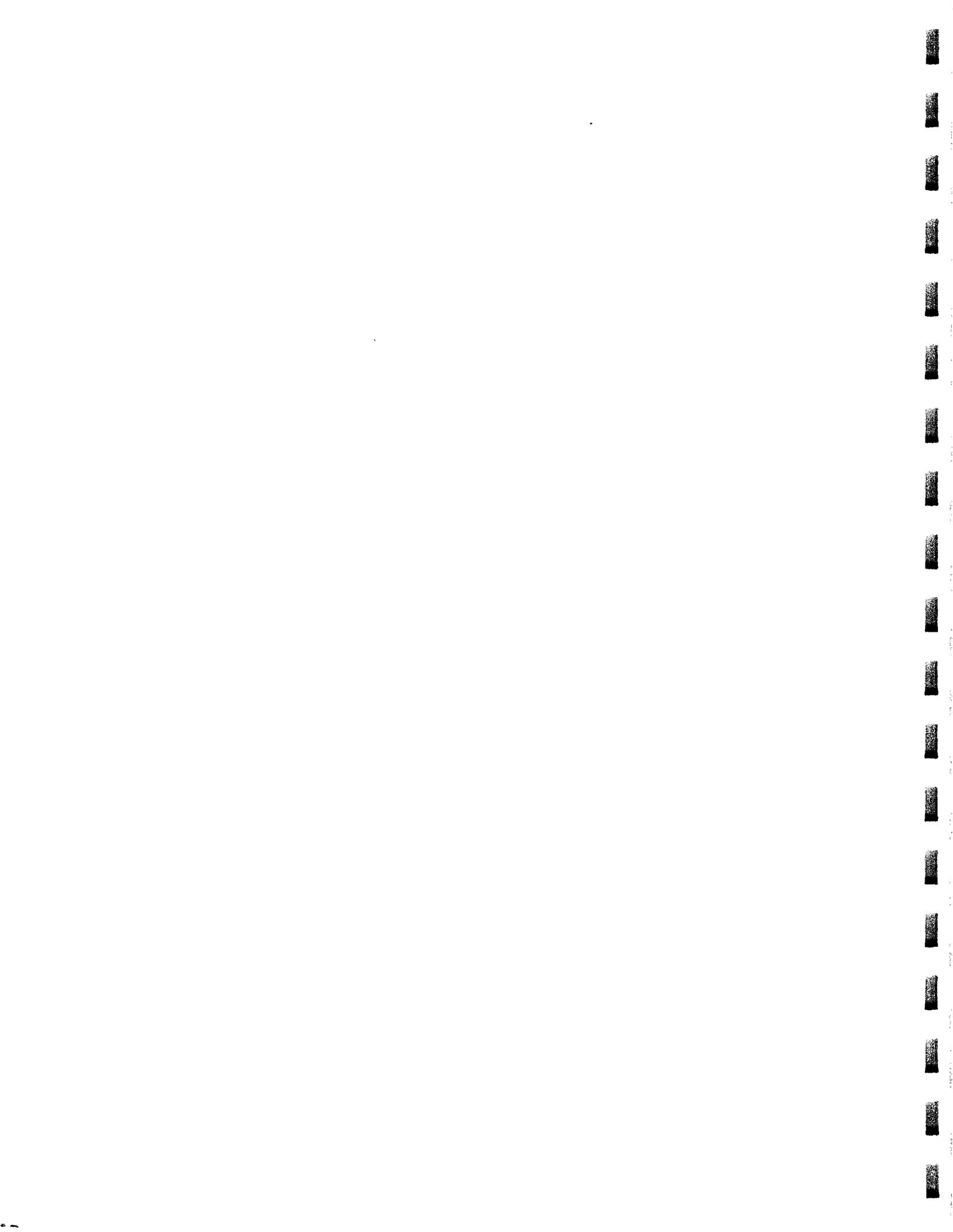
Current Status: Not corrected.

2013-2. Findings relating to State Legal Compliance

Condition: Expenditures exceeded the adopted budget in eight functional categories.

Recommendation: Management should make budget adjustments as allowed by Mississippi Code Ann. (1972), Section 21-35-25 to ensure compliance with state law.

Current Status: Not corrected.



CITY OF GREENWOOD, MISSISSIPPI
Schedule of Findings
Year Ended September 30, 2014

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the City of Greenwood, Mississippi.
2. One significant deficiency disclosed during the audit of the financial statements is reported in this schedule. This deficiency is reported as a material weakness.
3. No instances of noncompliance material to the financial statements of the City of Greenwood, Mississippi, were disclosed during the audit.

FINDINGS - FINANCIAL STATEMENTS

MATERIAL WEAKNESS

2014-1: Financial Statements and Related Disclosures

Condition: Since the City's books are maintained in accordance with state budgetary law, management requested us to assist in converting your accounting records from the budgetary basis to the accrual basis so that the financial statements could be prepared in conformity with U.S. generally accepted accounting principles. Management also requested us to prepare a draft of the City's financial statements, including the related notes to the financial statements. The outsourcing of this service is not unusual in Cities of your size and is a result of the City's cost benefit decision to use our accounting expertise rather than to incur internal resource costs.

Criteria: The City is responsible for establishing and maintaining effective internal controls over financial reporting. Under generally accepted auditing standards, outside auditors cannot be considered a part of the City's internal control structure, and the design of the City's internal control structure does not include procedures for its preparation of external financial statements in accordance with generally accepted accounting principles.

Cause: The City has opted not to incur the additional costs that it would take to train and keep personnel abreast of the requirements necessary to prepare the financial statements and the related footnote disclosures.

Effect: The preparation of its financial statements, related footnote disclosures and required supplemental information are outsourced. However, management reviewed, approved, and accepted responsibility for the financial statements prior to their issuance.

The absence of this control procedure is considered a material weakness because there is more than a remote likelihood that a material misstatement of the financial statements could occur and not be prevented or detected by the City's internal control.

Recommendation: Due to the cost of hiring and keeping personnel abreast of the requirements necessary to prepare the financial statements and the related footnote disclosures, no change is recommended.



CITY OF GREENWOOD, MISSISSIPPI
Schedule of Findings
Year Ended September 30, 2014

FINDING - STATE LEGAL COMPLIANCE

2014-2:

Amendments to the budget were not made as allowed by Mississippi Code Ann. (1972), Section 21-35-25, and, as a result, expenditures exceeded the budget in four functional categories.

