CITY OF GREENWOOD

OFFICE: 662-453-2246
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July 20, 2016

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, 2015.

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.

Nick Joseph, Jr., CPA
City Clerk

CITY OF GREENWOOD, MISSISSIPPI
Financial Statements
For the Year Ended September 30, 2015

CITY OF GREENWOOD, MISSISSIPPI
Financial Statements
For the Year Ended September 30, 2015

Robert K. VanDevender, CPA
Lance Mohamed, CPA
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FTN&C PLLC
FRED T. NEELY & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

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, 2015, 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 60 percent, -37% percent, and 45 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 49 percent, 77 percent, and 80 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, 2015, 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 comparisons for the General Fund and Milwaukee Tool Expansion Phase I Fund.

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Emphasis of Matter

As discussed in *Note 1* to the financial statements, in 2015, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27,* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension schedules on pages 3-13, pages 21-24, and pages 82-86, respectively, 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 contained herein is presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The supplemental information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information and the schedule of expenditures of federal awards are 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 20, 2016, 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

Fred T. Neely & Company, PLLC

Greenwood, Mississippi
June 20, 2016

CITY OF GREENWOOD

Management's Discussion and Analysis For the Year Ended September 30, 2015

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, 2015. 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 2015 were as follows:

- The assets and deferred outflows of the City of Greenwood exceeded its liabilities and deferred inflows at the close of the 2015 fiscal year by $79,127,870.

- The government's total net position decreased by $22,755,082 which includes a prior period adjustment of ($27,985,233).

- The total assets and deferred outflows of resources of governmental activities increased by $9,877,576.

- The City's governmental funds reported total ending fund balance of $5,408,286 this year. This compares to the prior year ending fund balance of $4,581,703 showing an increase of $826,583. Approximately 18% of this total, $990,345 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 $3,031,527 or 23% of total General Fund expenditures including transfers and 23% of total General Fund revenues including transfers, sale of personal property and proceeds from capital leases, loans and sale of personal property.

- Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions, an amendment of GASB No. 27*, and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68,* were adopted this year. This required the City to have a prior period adjustment and to record an opening balance for a net pension liability, deferred outflows and deferred inflows of approximately $25 million, $736 thousand and $3 million, respectively, thus reducing beginning of the year net position by approximately $28 million for the cumulative effect of the change in accounting principle. The net pension liability was approximately $31 million at

September 30, 2015, whereas pension expense for 2015 was approximately $2 million, including Greenwood Utilities balances. The fiscal year ending 2014 was not restated at the adoption of GASB 68, as retroactive application only applies to prior periods presented in the financial statements.

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.

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 Greenwood Tourism Commission and the Greenwood-Leflore 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, 225 Howard 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 funds are the General Fund and the Milwaukee Tool Expansion Phase I Fund. The major proprietary funds of the City 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 17-24 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 Sewer 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 Sewer 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 25-28 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 30-81 of this report.

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 2015 compared to 2014.

Table 1
Net Position
(amounts expressed in thousands)

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current & other assets	$ 12,006	$ 10,380	$ 28,890	$ 29,618	$ 40,896	$ 39,998
Capital assets, net	32,224	26,700	103,796	92,757	136,020	119,457
Total Assets	44,230	37,080	132,686	122,375	176,916	159,455
Deferred outflows of resources	2,727	-	1,758	-	4,485	-
Current & other liabilities	1,323	526	8,694	8,199	10,017	8,725
Long-term liabilities						
Due within one year	1,265	879	1,103	982	2,368	1,861
Due in more than one year	26,651	5,463	56,292	36,603	82,943	42,066
Total Liabilities	29,239	6,868	66,089	45,784	95,328	52,652
Deferred inflows of resources	6,117	4,880	828	40	6,945	4,920
Net investment in capital assets	23,385	20,607	58,587	55,026	81,972	75,633
Restricted:						
Capital projects	2,860	13	-	-	2,860	13
Debt service	1,136	984	-	-	1,136	984
Community development projects	112	112	-	-	112	112
Other purposes	103	119	-	-	103	119
Unrestricted	(15,995)	3,497	8,940	21,525	(7,055)	25,022
Total Net Position	$ 11,601	$ 25,332	$ 67,527	$ 76,551	$ 79,128	$ 101,883

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 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 and deferred outflows of resources increased by $21,945,644. Capital assets increased by $16,563,571. Net position of the City's governmental activities decreased by $13,730,841, which includes a prior period adjustment of ($16,791,198).

GASB 68 was implemented in fiscal year 2015. Prior year amounts were not restated to reflect the implementation of GASB 68.

Table 2 provides a summary of the Changes in Net Position government-wide for the year ended September 30, 2015, compared to the year ended September 30, 2014.

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

	Governmental Activities		Business-type Activities		Total	
Revenues:	2015	2014	2015	2014	2015	2014
Program revenues						
Charges for services	$ 1,057	$ 1,020	$ 36,996	$ 37,796	$ 38,053	$ 38,816
Operating grants & contributions	459	364	397	-	856	364
Capital grants & contributions	2,735	508	2,253	346	4,988	854
General revenues						
Property taxes	4,875	4,737	-	-	4,875	4,737
Sales taxes	4,471	4,450	-	-	4,471	4,450
Franchise taxes	271	311	-	-	271	311
Investment earnings	5	7	33	32	38	39
Miscellaneous	536	-	-	-	536	-
Gain(loss) on sale/retirement of fixed assets	(610)	-	(58)	(6)	(668)	(6)
Grants & contributions not restricted to specific programs	203	193	-	-	203	193
Total revenues	14,002	11,590	39,621	38,168	53,623	49,758
Expenses:						
General government	1,682	1,475	-	-	1,682	1,475
Public safety	7,977	7,418	-	-	7,977	7,418
Public works	2,255	2,188	-	-	2,255	2,188
Health, welfare & sanitation	204	17	-	-	204	17
Culture & recreation	573	464	-	-	573	464
Economic Development	270	96	-	-	270	96
Interest on long-term debt	383	224	-	-	383	224
Miscellaneous appropriations	602	620	-	-	602	620
Industrial development	-	-	-	-	-	-
Sewer	-	-	2,432	2,170	2,432	2,170
Solid waste	-	-	2,473	1,955	2,473	1,955
Unemployment compensation	-	-	6	14	6	14
Electric/water	-	-	29,536	29,701	29,536	29,701
Total expenses	13,946	12,502	34,447	33,840	48,393	46,342
Increase (decrease) in net position before transfers	$ 56	$ (912)	$ 5,174	$ 4,328	$ 5,230	$ 3,416
Transfers	3,004	1,298	(3,004)	(1,298)	-	-
Change in net position	3,060	386	2,170	3,030	5,230	3,416
Net Position, October 1 (not restated)	25,332	24,946	76,551	73,521	101,883	98,467
Prior period adjustment	(16,791)	-	(11,194)	-	(27,985)	-
Net Position, October 1 (restated)	8,541	24,946	65,357	73,521	73,898	98,467
Net position - September 30	$ 11,601	$ 25,332	$ 67,527	$ 76,551	$ 79,128	$ 101,883

The increase in net position before transfers for 2015 as compared to 2014 for governmental activities is primarily due to the City of Greenwood receiving a Community and Development Block grant for Milwaukee Electric Tool. The increase in net position before transfers for 2015

as compared to 2014 for business-type activities is due primarily to an increase in Capital Grants & Contributions.

Governmental Activities

Several revenue sources fund our Governmental Activities. Under the accrual basis of accounting, sales taxes accounted for $4,470,975 or 46% of general revenues less transfers and property taxes accounted for $4,874,678 or 50% of general revenues less transfers.

Major expense activities, under the accrual basis of accounting, include public safety which accounted for 57% of total governmental activities expenses, public works accounted for 16% 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 $36,996,261 or 93% of gross revenues less transfers with investment earnings, grants and contributions accounting for the remaining 7% of gross revenues.

Major expense activities include electric/water accounting for 86% of total expenses, sewer accounting for 7% and solid waste accounting for 7%.

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 $5,408,286, an increase of $826,581 in comparison with the prior year. $990,345 constitutes unassigned fund balance that is available for spending at the City's discretion. Of the remaining fund balance, $2,866,654 is restricted for public safety, $185,058 is restricted for public works, $584,218 for economic development & assistance and $412,697 is restricted for debt service. Assigned fund balances are: $13,957 for culture & recreation, $40,691 for public safety, $248,797 for special projects and $65,869 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 $14,623,649 and total governmental expenditures were $22,347,830. Total other financing sources for governmental funds were $8,550,762.

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 $3,031,527 compared to $2,880,799 in 2014. The General Fund's unassigned fund balance increased by $150,728.

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 2015, 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 and proceeds of capital leases were $11,595,965 and final budgeted revenues including transfers and proceeds of loan were $13,220,224. Actual revenue collections including transfers and proceeds of loan were $13,058,878 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 $11,957,546 compared to the final budget amount of $13,603,927. Actual expenditures including transfers were $12,997,419 on the budgetary basis.

Capital Assets and General Long-Term Obligations

Capital Assets

Table 3
Capital Assets (Net of Depreciation) at September 30, 2015
(amounts expressed in thousands)

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	$ 3,488	$ 3,488	451	$ 451	$ 3,939	$ 3,939
Infrastructure	17,137	16,243	15,750	15,321	32,887	31,564
Building & improvements	9,220	4,871	-	194	9,220	5,065
Mobile equipment	1,429	1,444	1,780	560	3,209	2,004
Equipment & furniture	312	331	224	149	536	480
Electric and water production plant	-	-	11,295	11,821	11,295	11,821
Electric and water distribution plant	-	-	30,503	30,002	30,503	30,002
Electric and water general plant	-	-	2,487	2,815	2,487	2,815
Construction in progress	638	323	41,306	31,444	41,944	31,767
	$ 32,224	$ 26,700	$ 103,796	$ 92,757	$ 136,020	$ 119,457

The primary increase to capital assets was in building and improvements due to the purchase and renovation of the Milwaukee Tool building and in construction in progress for the ongoing upgrades to the waste water treatment facility. 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.

General Long-Term Obligations

At September 30, 2015, the City of Greenwood had $6,627,000 in outstanding general obligation bonds, $1,440,000 in MBIA bonds for Milwaukee Electric Tool, $40,515,663 in state revolving loans with the Mississippi Department of Environmental Quality, and $2,725,000 in sewer system refunding bonds.

The City's legal debt margin for the issuance of general obligation bonds at September 30, 2015, was $8,538,395.

Table 4 compares the total outstanding long-term obligations of the City at September 30, 2015 to 2014 amounts.

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

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
General obligation bonds	$ 6,627	$ 3,750	$ -	$ -	$ 6,627	$ 3,750
General obligation bonds-MBIA issue	1,440	1,620	-	-	1,440	1,620
Sewer Revenue Refunding Bonds, Series 2012	-	-	2,725	3,310	2,725	3,310
State revolving loans	-	-	40,515	33,860	40,515	33,860
Capital Improvement Loan	-	-	564	479	564	479
Note Payable	-	-	1,409	-	1,409	-
Compensated absences	309	249	366	399	675	648
Capital leases	700	669	-	107	700	776
	$ 9,076	$ 6,288	$ 45,579	$ 38,155	$ 54,655	$ 44,443

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 $2,857 for 240 months with payments beginning June, 2016.

The sewer revenue refunding bonds are being repaid through sewer user charges and the note payable by solid waste user charges.

Additional information on the City of Greenwood's long-term debt can be found in Note 3 on pages 54-62 of this report.

Current Financial Related Activities

The City of Greenwood is doing financially well. The City is proud to maintain its financial stability again without any tax increase and is currently operating with a surplus in the General Fund. The City does this by maintaining an excellent accounting system and by performing a continuous monitoring of its budget.

Milwaukee Electric Tool has completed renovations at the new facility. Work on the original facility will begin soon. Milwaukee Tool has been given the go ahead to begin hiring for the next 50 employees. They are gearing up for the next expansion which will create between 300-400 new jobs.

Express Grain has been awarded $150,000 in ACE Grant funds to improve infrastructure at the old Delta Oil Site. The Economic Development Foundation will serve as the applicant and forward all requests for reimbursement to the state office. Officials from the City of Greenwood and Greenwood Utilities visited the facility to do a short video about New Market Tax Credits and the positive impact this expansion project will have on the community.

Cannon Chrysler has opened a new high-quality commercial retail automobile dealership that will offer Greenwood an opportunity to have Chrysler, Dodge, Jeep and Ram vehicle sales, service, and parts available in the local economy.

In FY 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 also entered into a note for the purchase of five (5) garbage trucks and four (4) trash trucks. The purchase of these trucks provides for a more efficient service (2 day pick-up per week to 1 day pick-up per week) in picking up the City's trash and garbage.

The local economy was also stimulated by the issuance of $3 million in bonds in FY 2015. The bond funds will be used to renovate the Police Department. Renovations on this building will begin shortly.

Also in FY 2015 the City did a refunding bond issue to refund the Series 2005 and 2006 bonds. This 2015 General Obligation Refunding Bond Issue will end up saving the City of Greenwood a significant amount of money over the next several years.

After several years of planning and designing, construction on the much awaited Linear Park has just begun. This project is being funded through a grant from MDOT and a match from the

City of Greenwood. The initial phase will take the park, which runs along the old Columbus & Greenville Railway rail bed, from Lamar Street to the City Park.

The wastewater treatment plant upgrade is ongoing. This $39 million state of the art facility is being funded through a state revolving loan. Sewer rates have increased annually over the last several years to meet future loan obligations.

As you can see, several positive things are happening in Greenwood by using multiple funding sources, and all the while, these long overdue projects are still able to be undertaken with hardly any impact to the City's bottom line. City officials would like to reassure it constituents that City Hall is working hard to make sure Greenwood gets the most out of its dollar and that Greenwood is going to continually strive to maintain its status as destination of choice in 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, 2015

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Cash and equivalents	$ 5,142,618	$ 6,674,063	$ 11,816,681	$ 421,216
Investments	134,164	2,551,764	2,685,928	-
Receivables				
Accounts, net	-	3,996,194	3,996,194	4,419
Property taxes	4,999,282	-	4,999,282	-
Other	207,267	471,727	678,994	262
Internal balances	(976,611)	976,611	-	-
Due from other governmental agencies	2,470,699	506,366	2,977,065	89,870
Inventories	-	925,273	925,273	-
Prepaids	28,717	265,554	294,271	9,227
Other long-term receivables	-	9,722	9,722	-
Restricted assets				
Cash and cash equivalents	-	5,061,167	5,061,167	65,107
Investments	-	7,448,236	7,448,236	-
Interest receivable	-	3,183	3,183	-
Capital assets				
Land	3,487,721	451,020	3,938,741	-
Infrastructure	17,136,639	15,750,371	32,887,010	-
Buildings and improvements	9,219,720	-	9,219,720	31,774
Equipment and furniture	311,945	223,977	535,922	47,327
Mobile equipment	1,430,319	1,779,716	3,210,035	1,546
Library books and materials	-	-	-	134,710
Electric and water production plant	-	11,295,240	11,295,240	-
Electric and water distribution plant	-	30,502,967	30,502,967	-
Electric and water general plant	-	2,486,816	2,486,816	-
Construction in progress	637,984	41,305,616	41,943,600	-
Total assets	44,230,464	132,685,583	176,916,047	805,458
DEFERRED OUTLOWS OF RESOURCES				
Pension	2,726,655	1,757,865	4,484,520	118,132
Total deferred outflows of resources	2,726,655	1,757,865	4,484,520	118,132
LIABILITIES				
Accounts payable and accrued expenses	1,191,163	4,945,539	6,136,702	16,456
Due to other governmental agencies	10,644	48,972	59,616	-
Other payables	121,116	1,340	122,456	-
Sales tax payable	-	52,165	52,165	-
Unearned grant revenue	-	1,810,748	1,810,748	-
Payable from restricted assets				
Revenue bonds payable	-	600,000	600,000	-
Customer deposits	-	1,190,553	1,190,553	-
Unemployment compensation allowance	-	24,000	24,000	-
Group medical insurance claims payable	-	20,178	20,178	-
Long-term liabilities				
Due within one year				
Bonds, capital leases, notes and contracts	882,843	947,004	1,829,847	-
Accrued interest	73,010	29,916	102,926	-
Accrued compensated absences	309,352	126,382	435,734	4,085
Due in more than one year				
Accrued compensated absences	-	239,382	239,382	4,085
Bonds, capital leases, notes and contracts	7,883,716	43,666,344	51,550,060	-
Net pension liability	18,767,314	12,386,346	31,153,660	735,482
Total liabilities	29,239,158	66,088,869	95,328,027	760,108
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	4,899,966	-	4,899,966	-
Bond premium	-	34,941	34,941	-
Pension	1,217,122	792,641	2,009,763	90,944
Total deferred inflows of resources	6,117,088	827,582	6,944,670	90,944
NET POSITION				
Net investment in capital assets	23,384,759	58,587,400	81,972,159	215,357
Restricted for:				
Capital projects	2,860,184	-	2,860,184	-
Debt service	1,135,846	-	1,135,846	-
Community development projects	111,997	-	111,997	-
Other Purposes	103,174	-	103,174	-
Purchase of genealogy materials	-	-	-	5,955
Production of income to purchase books	-	-	-	10,000
Miss State unemployment revolving fund	-	-	-	4,636
Standards-based library automation system	-	-	-	44,516
Unrestricted	(15,995,087)	8,939,597	(7,055,490)	(207,926)
Total net position	$ 11,600,873	$ 67,526,997	$ 79,127,870	$ 72,538

See accompanying notes to the financial statements.

City of Greenwood, Mississippi
Statement of Activities
For the Year Ended September 30, 2015

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government				
Governmental Activities				
General Government	$ 1,681,795	$ 165,595	$ -	$ -
Public Safety	7,977,330	433,102	251,693	81,592
Public Works	2,255,132	123,459	45,587	-
Health, Welfare and Sanitation	203,752	-	161,677	-
Culture and Recreation	572,507	32,078	-	153,549
Economic Development & Assistance	269,948	-	-	2,500,000
Miscellaneous Appropriations	601,696	-	-	-
Interest on Long-term debt	383,292	302,302	-	-
Total governmental activities	13,945,452	1,056,536	458,957	2,735,141
Business-type activities				
Sewer	2,431,513	3,680,910	-	2,247,540
Solid Waste	2,473,111	1,574,919	396,737	5,790
Unemployment Compensation	6,171	-	-	-
Electric/Water	29,536,182	31,740,432	-	-
Total business-type activities	34,446,977	36,996,261	396,737	2,253,330
Total primary government	$ 48,392,429	$ 38,052,797	$ 855,694	$ 4,988,471
Component Units				
Tourism Commission	$ 490,416	$ -	$ 39,969	$ -
Public Library	496,224	15,565	117,947	-
Total component units	$ 986,640	$ 15,565	$ 157,916	$ -

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 and transfers

Change in net position
Net position - beginning, as previously reported
Prior period adjustments
Net position - beginning, as restated
Net position - ending

See accompanying notes to the financial statements.

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
$ (1,516,200)		$ (1,516,200)	
(7,210,943)		(7,210,943)	
(2,086,086)		(2,086,086)	
(42,075)		(42,075)	
(386,880)		(386,880)	
2,230,052		2,230,052	
(601,696)		(601,696)	
(80,990)		(80,990)	
(9,694,818)		(9,694,818)	
	$ 3,496,937	3,496,937	
	(495,665)	(495,665)	
	(6,171)	(6,171)	
	2,204,250	2,204,250	
	5,199,351	5,199,351	
(9,694,818)	5,199,351	(4,495,467)	
			$ (450,447)
			(362,712)
			(813,159)
4,440,585	-	4,440,585	-
434,093	-	434,093	-
271,412	-	271,412	-
4,470,975	-	4,470,975	-
-	-	-	424,226
-	-	-	390,362
202,858	-	202,858	14,371
5,275	33,083	38,358	1,331
536,381	-	536,381	-
(610,464)	(58,580)	(669,044)	-
3,004,060	(3,004,060)	-	-
12,755,175	(3,029,557)	9,725,618	830,290
3,060,357	2,169,794	5,230,151	17,131
25,331,714	76,551,238	101,882,952	753,872
(16,791,198)	(11,194,035)	(27,985,233)	(698,465)
8,540,516	65,357,203	73,897,719	55,407
$ 11,600,873	$ 67,526,997	$ 79,127,870	$ 72,538

See accompanying notes to the financial statements.

City of Greenwood, Mississippi
Balance Sheet
Governmental Funds
September 30, 2015

	General Fund	Milwaukee Tool Expansion Phase I Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ -	$ 226,173	$ 4,553,051	$ 4,779,224
Investments	134,164	-	-	134,164
Property taxes receivable, net	4,556,139	-	443,143	4,999,282
Other receivables	39,897	23,500	4,409	67,806
Intergovernmental receivables	740,359	1,523,801	206,539	2,470,699
Due from other funds	2,578,305	-	60,532	2,638,837
Total assets	$ 8,048,864	$ 1,773,474	$ 5,267,674	$ 15,090,012
LIABILITIES				
Accounts payable	$ 279,964	$ 590,984	$ 205,835	$ 1,076,783
Due to other funds	134,572	3,223,672	203,694	3,561,938
Deferred revenue	-	-	-	-
Other accrued expenses	113,018	-	1,362	114,380
Other payables	24,485	-	4,174	28,659
Total liabilities	552,039	3,814,656	415,065	4,781,760
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	4,465,298	-	434,668	4,899,966
FUND BALANCES				
Restricted	-	-	4,048,627	4,048,627
Assigned	-	-	369,314	369,314
Unassigned	3,031,527	(2,041,182)	-	990,345
Total fund balances	3,031,527	(2,041,182)	4,417,941	5,408,286
Total liabilities, deferred inflows of resources and fund balances	$ 8,048,864	$ 1,773,474	$ 5,267,674	$ 15,090,012

See accompanying notes to the financial statements.

City of Greenwood, Mississippi
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
September 30, 2015

Total fund balance, governmental funds	$	5,408,286
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		32,224,325
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		28,717
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		123,060
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		223,187
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		(9,148,921)
Net pension obligations recorded in governmental activities that are not a financial resource and therefore are not reported in the governmental funds		
Net pension liability		(18,767,314)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in this fund financial statement		
Deferred outflows of resources related to pensions		2,726,655
Deferred inflows of resources related to pensions		(1,217,122)
Net Position of Governmental Activities in the Statement of Net Position	$	11,600,873

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, 2015

	General Fund	Milwaukee Tool Expansion Phase I	Other Governmental Funds	Total Governmental Funds
REVENUES				
Property taxes	$ 4,440,585	$ -	$ 434,093	$ 4,874,678
General sales tax	4,470,975	-	-	4,470,975
Fees and fines	307,953	-	35,312	343,265
Licenses and permits	395,953	-	-	395,953
Intergovernmental	324,690	2,500,000	705,410	3,530,100
Charges for services	21,128	-	-	21,128
Investment earnings	1,884	-	2,946	4,830
Miscellaneous	121,273	523,500	337,947	982,720
Total revenues	10,084,441	3,023,500	1,515,708	14,623,649
EXPENDITURES				
Current:				
General government	1,588,697	-	2,944	1,591,641
Public safety	6,893,474	-	431,753	7,325,227
Public works	1,594,908	-	96,582	1,691,490
Health and welfare	-	-	30,793	30,793
Culture and recreation	381,877	-	45,037	426,914
Miscellaneous appropriations	583,969	-	42,727	626,696
HOME expenditures	-	-	156,500	156,500
Economic development and assistance	-	46,999	28,320	75,319
Debt Service:				
Principal	89,960	-	2,702,663	2,792,623
Interest and other charges	15,656	-	367,636	383,292
Capital Outlay	1,707,844	5,044,713	494,778	7,247,335
Total Expenditures	12,856,385	5,091,712	4,399,733	22,347,830
Excess (deficiency) of revenues over expenditures	(2,771,944)	(2,068,212)	(2,884,025)	(7,724,181)
OTHER FINANCING SOURCES (USES)				
Proceeds from loans	-	-	5,371,889	5,371,889
Proceeds from capital leases	150,750	-		150,750
Sale of personal property	24,065	-	-	24,065
Transfers in	2,837,569	27,030	430,973	3,295,572
Transfers out	(89,714)	-	(201,800)	(291,514)
Total other financing sources and uses	2,922,670	27,030	5,601,062	8,550,762
Net change in fund balances	150,726	(2,041,182)	2,717,037	826,581
Fund balances - beginning	2,880,801	-	1,700,904	4,581,705
Fund balances - ending	$ 3,031,527	$ (2,041,182)	$ 4,417,941	$ 5,408,286

See accompanying notes to the financial statements.

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, 2015

Net change in fund balances - total governmental funds:	$	826,581
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 $7,247,335 exceeded depreciation $1,088,163 in the current period.		6,159,172
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.		(634,529)
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.		(14,767)
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.		(2,727,128)
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		1,863
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		(19,800)
Accrued compensated absences not reflected in the Governmental funds		(60,364)
The Statement of Activities reports pension expenditures and other activity related to the net pension liability		(466,578)
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.		(4,093)
Change in net position of governmental activities	$	3,060,357

See accompanying notes to the financial statements.

City of Greenwood, Mississippi
Budget and Actual (with Variances)
General Fund
For the year ended September 30, 2015

	Budgeted Amounts		Actual Amounts, Budgetary Basis (See Note A)	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	$ 4,434,425	$ 4,434,425	$ 4,448,609	$ 14,184
Fees and fines	428,000	428,000	307,953	(120,047)
Licenses and permits	390,800	400,800	396,917	(3,883)
Intergovernmental	4,760,600	4,760,600	4,775,541	14,941
Charges for services	16,200	16,200	21,128	4,928
Investment earnings	6,000	6,000	1,884	(4,116)
Miscellaneous	130,050	161,750	155,737	(6,013)
Total revenues	10,166,075	10,207,775	10,107,769	(100,006)
EXPENDITURES				
General government				
Supervision and finance				
Personal services	594,639	585,639	583,545	2,094
Supplies	5,927	7,727	7,534	193
Other services and charges	305,825	388,460	379,316	9,144
Capital outlay	-	17,652	17,651	1
City clerk's office				
Personal services	209,167	204,067	195,801	8,266
Supplies	11,000	13,800	11,417	2,383
Other services and charges	41,150	43,450	39,050	4,400
Capital outlay	-	-		-
City hall building maintenance				
Supplies	19,200	18,400	17,344	1,056
Other services and charges	247,850	246,750	233,932	12,818
Capital outlay	-	17,600	17,589	11
Personnel office				
Personal services	109,166	109,166	108,557	609
Supplies	2,400	2,900	2,480	420
Other services and charges	9,878	9,378	3,857	5,521
Capital outlay	-	-	-	-
Public safety				
Police department				
Personal services	3,338,247	3,279,247	3,132,161	147,086
Supplies	280,500	329,300	278,506	50,794
Other services and charges	476,900	475,600	452,941	22,659
Capital outlay	163,890	175,390	166,952	8,438
Debt service	45,000	45,000	30,041	14,959
Municipal court				
Personal services	114,728	114,778	110,289	4,489
Supplies	4,441	3,941	3,175	766
Other services and charges	15,233	15,683	13,818	1,865
Fire department				
Personal services	2,711,209	2,642,639	2,507,259	135,380
Supplies	97,700	117,700	108,764	8,936
Other services and charges	131,130	146,700	131,875	14,825
Capital outlay	8,500	41,500	40,190	1,310
Debt service	76,000	76,000	75,575	425
Inspection division				
Personal services	213,307	213,891	213,853	38
Supplies	8,950	8,568	6,711	1,857
Other services and charges	11,550	11,848	7,329	4,519
Capital outlay	27,000	26,500	26,404	96
Debt service	-	-	-	-
Public works				
Engineering division				
Personal services	105,230	105,230	101,643	3,587
Supplies	37,743	38,084	37,016	1,068
Other services and charges	11,400	15,174	13,053	2,121
Capital outlay	500	3,796	3,796	-
Debt service	-	-	-	-
Street division				
Personal services	485,357	484,557	473,497	11,060
Supplies	252,865	234,178	231,590	2,588
Other services and charges	402,000	1,934,273	1,910,048	24,225
Capital outlay	2,000	30,097	7,914	22,183
Debt service	-	-	-	-

See accompanying notes to the financial statements.

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
Equipment maintenance division				
Personal services	214,843	202,243	194,856	7,387
Supplies	29,690	31,450	30,568	882
Other services and charges	30,755	32,555	22,133	10,422
Capital outlay	500	300	300	-
Debt service	-	-	-	-
Inventory control division				
Personal services	36,605	13,305	12,909	396
Supplies	11,900	11,900	10,724	1,176
Other services and charges	651	651	633	18
Capital outlay	200	100	100	-
Debt service	-	-	-	-
Culture and recreation				
Park division recreation				
Personal services	9,050	5,150	4,714	436
Supplies	12,500	18,281	17,710	571
Other services and charges	6,000	2,927	2,872	55
Capital outlay	210	-	-	-
Park division maintenance				
Personal services	245,552	248,052	245,808	2,244
Supplies	54,500	60,700	58,674	2,026
Other services and charges	44,372	44,455	43,059	1,396
Capital outlay	1,030	653	650	3
Debt service	-	-	-	-
Senior citizens center				
Supplies	4,300	4,300	3,961	339
Other services and charges	4,400	4,400	4,192	208
Capital outlay	-	-	-	-
Miscellaneous appropriations				
Food Corps	2,500	2,500	-	2,500
Civil defense	22,113	22,113	22,113	-
Main Street project	16,000	16,000	16,000	-
Delta Streets	3,000	3,000	3,000	-
Boys & Girls Club Appropriations	12,500	12,500	12,500	-
Our House Appropriations	8,500	8,500	8,500	-
Greenwood Mentoring Group	5,000	5,000	5,000	-
Armory	8,100	8,100	1,837	6,263
Library	214,737	214,737	217,908	(3,171)
Industrial Board	108,000	108,000	100,676	7,324
Humane Society	6,500	6,500	6,500	-
Chamber of Commerce-Christmas decorations	7,500	12,500	12,500	-
Cemetery	10,000	10,000	9,088	912
Red Cross	3,500	3,500	3,500	-
Other Utility Appropriations	39,000	39,000	13,879	25,121
Airport	96,456	96,456	96,456	-
Drug Court	2,500	2,500	2,500	-
Fannie Lou Hammer	2,500	5,000	5,000	-
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	7,500	7,500	7,500	-
Cottonlandia	11,000	11,000	11,000	-
Total Expenditures	11,882,546	13,521,491	12,916,793	604,698
Excess (deficiency) of revenues over expenditures	(1,716,471)	(3,313,716)	(2,809,024)	504,692
OTHER FINANCING SOURCES (USES)				
Transfers in	1,281,000	2,863,559	2,800,359	(63,200)
Transfers out	(75,000)	(82,436)	(80,626)	1,810
Proceeds of capital leases	148,890	148,890	150,750	1,860
Total other financing sources (uses)	1,354,890	2,930,013	2,870,483	(59,530)
Net change in fund balances	(361,581)	(383,703)	61,459	445,162
Budgetary fund balance - beginning	1,767,211	383,703	1,973,203	1,589,500
Budgetary fund balance - ending	$ 1,405,630	$ -	$ 2,034,662	$ 2,034,662

See accompanying notes to the financial statements.

City of Greenwood, Mississippi
Note A to Budgetary Comparison Schedule
General Fund
For the year ended September 30, 2015

Note A to Budgetary Comparison Schedule:

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	$	10,107,769
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		(8,021)
Amount due to the state for sales tax at year end is revenue for financial reporting purposes		20,799
Amount due to the state for liquor license at year end is revenue for financial reporting purposes		(675)
Amounts due from franchisees at year end is revenue for financial reporting purposes		(964)
Reclass refund of workers compensation premium to corresponding expense accounts		(15,937)
Reclass funds received from paving the Emerson/Nicholson Alley initially recorded to fund balance		5,536
Proceeds for sale of personal property reported as other financing sources on the statement of revenues, expenditures, and changes in fund balances - governmental funds		(24,066)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	$	10,084,441
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	$	12,916,793
Differences - budget to GAAP:		
The City does not record accrued salaries for budgetary reporting purposes, only for the modified accrual basis		(33,869)
The City did not record a check written to the salary fund for payroll		7,051
Reclass refund of workers compensation premium to corresponding expense accounts		(11,326)
The City did not record free services from Greenwood Utilities to the City for February on the budgetary basis. This amount was recorded for the modified accrual basis		32,600
The City reversed a prior year payable on the modified accrual basis but not for the budgetary basis		(68,996)
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		23,220
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		(9,088)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	$	12,856,385

See accompanying notes to the financial statements.

City of Greenwood, Mississippi
Budget and Actual (with Variances)
Milwaukee Tool Expansion Phase I Fund
For the year ended September 30, 2015

	Budgeted Amounts		Actual Amounts, Budgetary Basis (See Note A)	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	$ -	$ 4,500,000	$ 4,199,871	$ 300,129
Total revenues	-	4,500,000	4,199,871	300,129
EXPENDITURES				
Economic development & assistance				
Other services and charges	-	-	-	-
Capital outlay	-	4,500,000	4,199,871	300,129
Total expenditures		4,500,000	4,199,871	300,129
Excess (deficiency) of revenues over expenditures	-	-	-	-
Net change in fund balances	-	-	-	-
Budgetary fund balance - beginning	-	-	-	-
Budgetary fund balance - ending	$ -	$ -	$ -	

Note A to Budgetary Comparison Schedule:

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	$ 4,199,871
Differences - budget to GAAP:	
Amount due from CDBG for remaining grant funds	5,000
Interest free loan reported in the budget as revenues. The loan proceeds were not received as of year end.	(1,625,177)
Amount reported as due from Milwaukee Tool for the budgetary basis but is a City match.	(56,194)
Amount reported as an in-kind match from Milwaukee Tool for the modified accural basis	500,000
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	$ 3,023,500
Uses/outflows of resources:	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	$ 4,199,871
Differences - budget to GAAP:	
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	350,659
The City did not record certain expenses in the correct fund for budgetary basis. These expenses were moved to this fund for the modified accrual basis.	41,182
Amount reported as an in-kind match from Milwaukee Tool for the modified accural basis	500,000
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	$ 5,091,712

See accompanying notes to the financial statements.

City of Greenwood, Mississippi
Statement of Net Position
Proprietary Funds
September 30, 2015

	Business-type Activities - Enterprise Funds				
	Sewage Enterprise Fund	Greenwood Utilities Fund	Other Enterprise Funds	Total	Governmental Activities -Internal Service Fund
ASSETS					
Current assets:					
Cash and cash equivalents	$ 2,574,881	$ 4,009,723	$ 89,457	$ 6,674,061	$ 363,396
Investments	-	2,551,764	-	2,551,764	-
Accounts receivable, net	-	3,983,594	-	3,983,594	16,401
Due from other funds	1,866,532	137,362	153,911	2,157,805	-
Due from other governments	5,056	104,573	396,737	506,366	-
Other receivables	13,400	470,927	-	484,327	-
Inventories	-	925,273	-	925,273	-
Prepaid expenses	17,232	236,838	11,487	265,557	-
Total current assets	4,477,101	12,420,054	651,592	17,548,747	379,797
Non-current assets:					
Other long-term receivables	-	9,722	-	9,722	-
Restricted Assets:					
Cash and cash equivalents	4,872,481	188,686	-	5,061,167	-
Investments	-	7,448,236	-	7,448,236	-
Interest receivable	-	3,183	-	3,183	-
Capital Assets:					
Land and improvements	81,500	369,520	-	451,020	-
Electric and water production plant	-	11,295,240	-	11,295,240	-
Electric and water distribution plant	-	30,502,967	-	30,502,967	-
Electric and water general plant	-	2,486,816	-	2,486,816	-
Infrastructure	21,148,894	-	-	21,148,894	-
Construction in progress	40,590,840	714,776	-	41,305,616	-
Buildings	-	-	-	-	-
Mobile equipment	578,725	-	2,579,527	3,158,252	-
Other equipment and furniture	118,095	-	202,561	320,656	-
Less: Accumulated depreciation	(5,939,907)	-	(933,831)	(6,873,738)	-
Total non-current assets	61,450,628	53,019,146	1,848,257	116,318,031	-
Total assets	65,927,729	65,439,200	2,499,849	133,866,778	379,797
DEFERRED OUTFLOWS OF RESOURCES					
Pension	250,943	1,207,205	299,717	1,757,865	-
Total deferred outflows of resources	250,943	1,207,205	299,717	1,757,865	-
LIABILITIES					
Current Liabilities:					
Accounts payable	2,470,070	2,316,031	93,348	4,879,449	92,457
Salaries payable	12,686	39,146	14,259	66,091	-
Accrued interest payable	29,916	-	-	29,916	-
Due to other funds	63,323	770,306	401,075	1,234,704	-
Payable to other governments	-	48,972	-	48,972	-
Sales tax payable	-	52,165	-	52,165	-
Other payables	-	1,340	-	1,340	-
Accrued compensated absences	32,530	59,883	33,969	126,382	-
Unearned grant revenue	1,810,748	-	-	1,810,748	-
Notes payable	-	-	462,910	462,910	-
State revolving loans payable	391,470	92,624	-	484,094	-
Total current liabilities	4,810,743	3,380,467	1,005,561	9,196,771	92,457
Current Liabilities Payable from Restricted Assets:					
Revenue bonds payable	600,000	-	-	600,000	-
Customer deposits	-	1,190,553	-	1,190,553	-
Unemployment compensation allowance	-	24,000	-	24,000	-
Group medical ins claims payable	-	20,178	-	20,178	-
Total current liabilities payable from restricted assets	600,000	1,234,731	-	1,834,731	-
Non-current liabilities:					
Accrued compensated absences	-	239,382	-	239,382	-
Notes payable	-	-	946,215	946,215	-
Revenue bonds	2,125,000	-	-	2,125,000	-
State revolving loans payable	40,595,129	-	-	40,595,129	-
Net pension liability	1,326,458	9,475,618	1,584,270	12,386,346	-
Total non-current liabilities	44,046,587	9,715,000	2,530,485	56,292,072	-
Total liabilities	49,457,330	14,310,198	3,536,046	67,323,574	92,457
DEFERRED INFLOWS OF RESOURCES					
Bond premium	34,941	-	-	34,941	-
Pension	116,200	537,654	138,787	792,641	-
Total deferred inflows of resources	151,141	537,654	138,787	827,582	-
NET POSITION					
Net investment in capital assets	13,760,671	45,276,695	439,132	59,476,498	-
Unrestricted	2,809,530	6,501,858	(1,314,399)	7,996,989	287,340
Total net position	$ 16,570,201	$ 51,778,553	$ (875,267)	$ 67,473,487	$ 287,340

See accompanying notes to the financial statements.

City of Greenwood, Mississippi
Statement of Revenues, Expenses and Changes in Fund Net Postion
Proprietary Funds
For the Year Ended September 30, 2015

	Business-type Activities - Enterprise Funds				
	Sewage Enterprise Fund	Greenwood Utilities Fund	Other Enterprise Funds	Total	Governmental Activities - Internal Service Fund
OPERATING REVENUES					
Charges for services	$ 3,656,544	$ 31,351,588	$ 1,532,961	$ 36,541,093	$ 1,242,206
Reinsurance funds	-	-	-	-	17,194
Miscellaneous	14,366	388,844	47,748	450,958	1,182
Total operating revenues	3,670,910	31,740,432	1,580,709	36,992,051	1,260,582
OPERATING EXPENSES					
Personal services	824,509	-	1,035,680	1,860,189	-
Contractual services	630,284	-	584,493	1,214,777	-
Other supplies and expenses	128,752	-	415,199	543,951	-
Repairs and maintenance	-	-	1,176	1,176	-
Insurance claims and expenses	-	-	-	-	1,266,545
Generating expenses	-	19,980,533	-	19,980,533	-
Distribution expenses	-	1,726,823	-	1,726,823	-
General and administrative expenses	-	3,723,674	-	3,723,674	-
Customer account expenses	-	237,536	-	237,536	-
Production expenses	-	403,686	-	403,686	-
Sales expenses	-	8,355	-	8,355	-
Meter reading	-	568,841	-	568,841	-
Depreciation	659,258	2,652,498	434,680	3,746,436	-
Total operating expenses	2,242,803	29,301,946	2,471,228	34,015,977	1,266,545
Operating income (loss)	1,428,107	2,438,486	(890,519)	2,976,074	(5,963)
NON-OPERATING REVENUES (EXPENSES)					
Interest and investment revenue	7,989	25,012	83	33,084	444
Interest expense	(193,389)	-	(7,367)	(200,756)	-
Bonds redeemed	-	-	-	-	-
Amortization of bond premium(discount)	5,176	-	-	5,176	-
Expenses paid for the city	-	(35,569)	-	(35,569)	-
Utility appropriations to Greenwood Public Schools	-	(150,000)	-	(150,000)	-
Utility appropriations to Greenwood-Leflore Industrial Board and others	-	(48,667)	-	(48,667)	-
Gain (loss) on disposal and sale of equipment	(196,867)	9,935	138,352	(48,580)	-
Miscellaneous revenue	-	-	-	-	-
Total non-operating revenue (expenses)	(377,091)	(199,289)	131,068	(445,312)	444
Income (loss) before contributions and transfers	1,051,016	2,239,197	(759,451)	2,530,762	(5,519)
Capital & operating grants and contributions	2,247,540	-	396,737	2,644,277	-
Transfers in	364,986	-	4,853	369,839	-
Transfers out	(1,462,192)	(1,786,392)	(125,313)	(3,373,897)	-
Change in net position	2,201,350	452,805	(483,174)	2,170,981	(5,519)
Total net position - beginning, as previously reported	15,518,407	59,997,237	980,897	76,496,541	292,859
Prior period adjustment	(1,149,556)	(8,671,489)	(1,372,990)	(11,194,035)	-
Total net position - beginning, as restated	14,368,851	51,325,748	(392,093)	65,302,506	
Total net position - ending	$ 16,570,201	$ 51,778,553	$ (875,267)	$ 67,473,487	$ 287,340

Change in net position, per above	$ 2,170,981
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.	(1,187)
Change in Business-Type Activities in Net Position per Government-Wide Financial Statements	$ 2,169,794

See accompanying notes to the financial statements.

City of Greenwood, Mississippi
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2015

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Sewage Enterprise Fund	Greenwood Utilities Fund	Other Enterprise Funds	Total	
Cash flows from operating activities					
Receipts from customers and users	$ 2,572,213	$ 30,437,132	$ 1,785,331	$ 34,794,676	$ -
Receipts from Greenwood Public Schools	-	571,223	-	571,223	-
Receipts from the Greenwood-Leflore Industrial Board and other agencies	-	189,327	-	189,327	-
Receipts from other funds	-	451,736	401,075	852,811	-
Receipts from interfund services provided	-	-	-	-	1,242,207
Receipts from other governments	14,716	-	-	14,716	22,711
Receipts for sewer & solid waste collections for others	-	5,829,127	-	5,829,127	-
Receipts from customer meter deposits	-	187,870	-	187,870	-
Receipts from other revenue	966	496,649	47,748	545,363	1,182
Payments for loss claims	-	-	6,171	6,171	(1,249,682)
Payments to suppliers for goods and services	331,898	(21,982,830)	(974,488)	(22,625,420)	-
Payments to employees	(771,387)	(4,321,007)	(977,045)	(6,069,439)	-
Payments to other governments	-	-	(396,737)	(396,737)	-
Payments for sewer and solid waste collections for others	-	(6,321,210)	-	(6,321,210)	-
Payments for customer meter deposit refunds	-	(107,234)	-	(107,234)	-
Payments for interfund services used	37,032	-	-	37,032	-
Net cash provided by (used for) operating activities	2,185,438	5,430,783	(107,945)	7,508,276	16,418
Cash flows from noncapital financing activities					
Transfers from other funds	364,986	-	4,853	369,839	-
Transfers to Greenwood Public Schools	-	(150,000)	-	(150,000)	-
Transfers to the Greenwood-Leflore Industrial Board and other agencies	-	(48,667)	-	(48,667)	-
Transfers to other funds	(1,462,192)	(1,821,961)	(125,313)	(3,409,466)	-
Net cash provided by (used for) noncapital financing activities	(1,097,206)	(2,020,628)	(120,460)	(3,238,294)	-
Cash flows from capital and related financing activities					
Acquisition and construction of capital assets	(10,739,174)	(2,451,284)	(1,933,565)	(15,124,023)	-
Proceeds from sales of capital assets/scrap metal	10,000	21,000	259,077	290,077	-
Capital & operating grants & contributions received	995,009	-	396,737	1,391,746	-
Loan proceeds	7,117,711	-	-	7,117,711	-
Principal paid on capital debt	(961,210)	-	1,301,345	340,135	-
Interest paid on capital debt	(178,590)	-	(7,367)	(185,957)	-
Net cash provided (used) for capital and related financing activities	(3,756,254)	(2,430,284)	16,227	(6,170,311)	-
Cash flows provided by (used for) investing activities					
Purchase of investment securities	-	(10,000,000)	-	(10,000,000)	-
Proceeds from sale and maturities of investment securities	-	3,050,000	-	3,050,000	-
Interest on investments	7,989	25,012	83	33,084	444
Net cash provided by (used for) investing activities	7,989	(6,924,988)	83	(6,916,916)	444
Net increase (decrease) in cash and cash equivalents	(2,660,033)	(5,945,117)	(212,095)	(8,817,245)	16,862
Cash and cash equivalents at beginning of year	10,107,395	10,143,526	301,552	20,552,473	346,534
Cash and cash equivalents at end of year	$ 7,447,362	$ 4,198,409	$ 89,457	$ 11,735,228	$ 363,396

See accompanying notes to the financial statements.

	Sewage Enterprise Fund	Greenwood Utilities Fund	Other Enterprise Funds	Total	Governmental Activities - Internal Service Fund
Reconciliation of operating income to net cash provided (used) by operating activities:					
Operating income (loss)	$ 1,428,107	$ 2,438,486	$ (890,519)	$ 2,976,074	$ (5,963)
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:					
Depreciation expense	659,258	2,652,498	434,680	3,746,436	-
Provision for bad debts	-	152,066	-	152,066	-
(Increase) decrease in accounts receivables, net	-	189,511	-	189,511	5,518
(Increase) decrease in due from other governments	14,716	3,490	(396,737)	(378,531)	-
(Increase) decrease in due from other funds	(1,084,331)	(29,842)	252,370	(861,803)	-
(Increase) decrease in other receivables	(13,400)	105,815	-	92,415	-
(Increase) decrease in inventories	-	7,284	-	7,284	-
(Increase) decrease in prepaid expenses	(1,117)	(140,187)	(960)	(142,264)	-
(Increase) decrease in restricted group medical insurance claims receivable	-	(135,648)	-	(135,648)	-
Increase (decrease) in accounts payable	1,092,051	513,666	27,340	1,633,057	16,863
Increase (decrease) in accrued salaries & benefits payable	3,022	17,740	2,944	23,706	-
Increase (decrease) in customer deposits	-	80,636	-	80,636	-
Increase (decrease) in accrued compensated absences	7,941	(53,134)	11,512	(33,681)	-
Increase (decrease) in due to other funds	37,032	38,284	401,075	476,391	-
Increase (decrease) in due to other governments	-	320	-	320	-
Increase (decrease) in collections for other governments	-	-	-	-	-
Increase (decrease) in sewer and solid waste collected for the city	-	(530,687)	-	(530,687)	-
Increase (decrease) in other payables	-	23	-	23	-
Increase (decrease) in sales tax payable	-	(15,405)	-	(15,405)	-
Increase (decrease) in restricted medical insurance claims payable	-	1,289	-	1,289	-
Increase (decrease) in net pension liability	42,159	134,578	50,350	227,087	-
Total adjustments	757,331	2,992,297	782,574	4,532,202	22,381
Net cash provided by operating activities	$ 2,185,438	$ 5,430,783	$ (107,945)	$ 7,508,276	$ 16,418

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	$ 2,574,881	$ 4,009,723	$ 89,457	$ 6,674,061	$ 363,396
Restricted assets - cash and cash investments	4,872,481	188,686	-	5,061,167	-
Total cash and cash investments	$ 7,447,362	$ 4,198,409	$ 89,457	$ 11,735,228	$ 363,396

See accompanying notes to the financial statements.

City of Greenwood, Mississippi
Statement of Fiduciary Net Position
Fiduciary Funds
September 30, 2015

	AGENCY FUNDS
ASSETS	
Cash and cash equivalents	$ 353,477
Property taxes receivable	6,169,853
Total assets	$ 6,523,330
LIABILITIES	
Due to other governments	$ 170,609
Accrued payroll taxes and benefits payable	179,268
Unavailable revenue - property taxes	6,169,853
Other liabilities	3,600
Total liabilities	$ 6,523,330

See accompanying notes to the basic financial statements.

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.

Continued

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, 2017. 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 225 Howard 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

Continued

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

Continued

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.

Milwaukee Tool Expansion Phase I Fund- This fund accounts for CDBG funds used for Milwaukee Electric Tool Corporation's building purchase and improvements.

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.

Continued

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

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 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 $1,526,728 of total receivables at September 30, 2015.

Continued

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

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.

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

4. Restricted Assets

Restricted assets for Greenwood Utilities 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.

Continued

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

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

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.

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:

Assets	Years
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. 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

Continued

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

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, 2015, 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, 2015. 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, 2015. 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.

9. Deferred Outflows/Inflows of Resources

The balance sheet and statements of net position will sometimes report a separate section for deferred outflows and inflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. 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 three items that qualify for reporting in the deferred inflow category. The unavailable revenue - property taxes, pension related balances, bond premium reported in the balance sheet and statements of net position, which arises under a modified accrual basis of accounting, represent 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 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 statement of net position is being amortized over the life of the bonds. The City has one item that qualifies for reporting in the deferred outflow category. The pension related balances reported in the balance sheet and statements of net position, which arises under a modified accrual basis of accounting, represents an amount that are

Continued

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

deferred and recognized as an out of resources in the periods that the amounts become available. The City reports both deferred inflows and outflows as a result of the implementation of GASB 68 and 71. The components of these balances are further explained in Note 4.

10. 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.

11. 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.

12. 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.

13. 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.

Continued

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, 2015.

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.

14. Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the MS PERS Plan and additions to/deductions from the Mississippi Public Employee Retirement Plan and the Disability and Relief - Municipal Retirement Systems Pension Plan and fiduciary net position have been determined on the same basis as they are reported by the two plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. These two plans funded from both City and employee contributions are further described in Note 4.

Continued

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

15. 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.

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

17. 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.

18. Change in Accounting Principles

The City and Greenwood Utilities adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27,* (GASB 68) and GASB No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68,* (GASB 71), which revise and establish new accounting and financial reporting requirements for governments that provide their employees with pension benefits. The City and Greenwood Utilities provides its employees with pension benefits through the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer defined benefit pension plan administered by PERS. GASB 68 requires employers participating in cost-sharing, multiple employer plans, such as PERS, to record their proportionate share, as defined in GASB 68, of PERS' unfunded pension liability. The City and Greenwood Utilities have no legal obligation to fund this shortfall, nor does it have any ability to affect funding, benefit or annual required contribution decisions made by PERS. Information regarding PERS' current funding status can be found in their Comprehensive Annual Financial Report. A prior period adjustment has been made for the effects of GASB 68 and GASB 71, including the related pension liability, deferred inflows, deferred outflows and statements of revenues, expenses and changes in net position for that year.

Continued

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.

Continued

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	$ 11,957,546	$ 13,603,927	$ 1,646,381
Other General Funds	502,066	524,507	22,441
Special Revenue Funds	169,062	9,880,036	9,710,974
Debt Service Funds	671,850	1,327,972	656,122
Capital Projects Funds	-	3,267,888	3,267,888
Enterprise Funds	33,309,590	39,943,858	6,634,268
Internal Service Fund	1,451,865	1,467,300	15,435
	$ 48,061,979	$ 70,015,488	21,953,509

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.

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

	Budget	Actual	Overage
General Fund			
Library	$ 214,737	$ 217,908	$ 3,171
Community Center			
Personal Services	$ 638	$ 643	$ 5
Cemetery Project			
Capital Outlay	$ 7,500	$ 7,614	$ 114

Continued

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

B. Deficit Fund Equity

The City of Greenwood had a deficit fund equity in the following individual funds at year end:

Milwaukee Tool Expansion Phase I	$ (2,041,182)
Solid Waste Enterprise Fund	$ (964,530)

These deficits are not in violation of state law. The Milwaukee Tool Expansion Phase I deficit will be remedied by note proceeds. The Solid Waste Enterprise Fund deficit is the result of a change from two day garbage pickup to one day and the purchase of new garbage trucks and new front load trash cans for each household and/or business. The trash receptacles were a one-time purchase.

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 $13,031,041, and the bank balances totaled $13,142,494. Of the bank balances, $405,114 was insured by federal deposit insurance and $12,737,380 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 $14,198,409, and the bank balances totaled $14,973,172. Of the bank balances, $500,100 was insured by federal deposit insurance and $14,473,072 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 $222,807 and $253,516, respectively, and the bank balances totaled $241,864 and $259,430, respectively. Of the bank balances, $241,864 and $250,000 was insured by federal deposit insurance and $9,430 of the Library's bank balance was collateralized with securities held in the State of Mississippi collateral pool on behalf of the Library System.

Continued

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

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 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, 2015, 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	Milwaukee Tool Expansion Phase I	Other Governmental Funds	Sewage Enterprise Fund	Greenwood Utilities	Other Enterprise Funds	Total
Accounts Receivable	$ -	$ -	$ -	$ -	$ 4,143	$ -	$ 4,143
Intergovernmental	740	1,524	207	5	105	397	2,978
Property Taxes Receivable	4,611		448	-	-	-	5,059
Other	40	24	4	13	471	-	552
Gross Receivables	5,391	1,548	659	18	4,719	397	12,732
Less:allowance for doubtful accounts	55	-	5	-	159	-	219
Total	$ 5,336	$ 1,548	$ 654	$ 18	$ 4,560	$ 397	$ 12,513

Receivables for Greenwood Utilities are reported net of uncollectible amounts. $159,371 was determined to be uncollectible for the current year.

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

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)	$	5,059,898
Less: Allowance for doubtful accounts		60,616
Total property taxes receivable, net	$	4,999,282

Tax millage levies for 2014 were collected in the current fiscal year and statutory maximum millage rates were as follows:

Fund	Levy (in mills)	Purpose	Maximum
General Fund	39.84	General	None
Debt Service Fund	4.02	Debt retirement	None
Disability & Relief Fund	4.40	Retirement	None
Total City of Greenwood	48.26		
Greenwood Public Schools:			
District Maintenance	52.00	Public schools	None
Total Greenwood Public Schools	52.00		
Total millage rate	100.26		

Continued

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

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)	$ 4,899,966
Unearned grant revenue - Sewage Enterprise	$ 1,810,748

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 $4,470,975 of sales tax revenue.

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, 2015, was as follows (amounts are expressed in thousands):

	Balance 9/30/14	Additions	Deletions	Transfers	Balance 9/30/15
Governmental activities:					
Capital assets not being depreciated:					
Land	$ 3,488	$ -	$ -	$ -	$ 3,488
Construction-in-progress	323	5,467	-	(5,152)	638
Total capital assets not being depreciated	3,811	5,467	-	(5,152)	4,126
Capital assets being depreciated:					
Infrastructure	25,196	1,456	-	-	26,652
Buildings & improvements	7,353	55	697	5,152	11,863
Equipment & furniture	876	63	65	-	874
Mobile equipment	4,539	205	158	-	4,586
Total capital assets being depreciated	37,964	1,779	920	5,152	43,975
Less accumulated depreciation for:					
Infrastructure	8,953	562	-	-	9,515
Buildings & improvements	2,482	259	98	-	2,643
Equipment & furniture	545	68	51	-	562
Mobile equipment	3,096	199	138	-	3,157
Total accumulated depreciation	15,076	1,088	287	-	15,877
Total capital assets being depreciated, net	22,888	691	633	5,152	28,098
Total governmental activities capital assets, net	$ 26,699	$ 6,158	$ 633	$ -	$ 32,224

Continued

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

	Balance 9/30/14	Additions	Deletions	Transfers	Balance 9/30/15
Business-type activities:					
Capital assets not being depreciated:					
Land	$ 451	$ -	$ -	$ -	$ 451
Construction-in-progress	31,445	11,611	1,140	(611)	41,305
Total capital assets not being depreciated	31,896	11,611	1,140	(611)	41,756
Capital assets being depreciated:					
Infrastructure	20,131	409	-	611	21,151
Buildings & improvements	781	-	781	-	-
Equipment & furniture	381	128	81	-	428
Mobile equipment	2,593	1,805	1,241	-	3,157
Electric and water production plant	24,861	311	-	-	25,172
Electric and water distribution plant	47,027	1,876	-	-	48,903
Electric and water general plant	6,852	219	178	-	6,893
Total capital assets being depreciated	102,626	4,748	2,281	611	105,704
Less accumulated depreciation for:					
Infrastructure	4,810	588	-	-	5,398
Buildings & improvements	587	-	587	-	-
Equipment & furniture	231	44	71	-	204
Mobile equipment	2,033	462	1,117	-	1,378
Electric and water production plant	13,041	836	-	-	13,877
Electric and water distribution plant	17,026	1,375	-	-	18,401
Electric and water general plant	4,037	441	72	-	4,406
Total accumulated depreciation	41,765	3,746	1,847	-	43,664
Total capital assets being depreciated, net	60,861	1,002	434	611	62,040
Total business-type activities capital assets, net	$ 92,757	$ 12,613	$ 1,574	$ -	$ 103,796

Continued

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	$	15,094
Public safety		218,319
Public works		535,298
Culture and recreation		30,538
Economic development and assistance		288,914
Total depreciation expense - governmental activities	$	1,088,163
Business-type activities:		
Sewage enterprise	$	659,258
Greenwood utilities		2,652,498
Non-major business-type activities		434,680
Total depreciation expense - business-type activities	$	3,746,436

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

Project		Spent-to-date		Remaining Commitment
Governmental-type activities:				
Old Greenwood Leflore Public Library	$	17,120	$	153,182
MDOT Street Project - Main Street		94,685		1,411,997
Police Station Renovation		147,112		3,652,888
Linear Park (Phase II)		122,171		1,000,000
Linear Park		256,896		1,524,354
Total	$	637,984	$	7,742,421
Business-type activities:				
Waste Water Treatment Facility	$	37,683,978	$	1,341,022
Mississippi Valley State Force Main		2,169,837		1,810,748
Waste Water Sludge		737,025		-
Greenwood Utilities - NW Water Supply Well and various open work orders		714,776		not reported
Total	$	41,305,616	$	3,151,770

Continued

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 9/30/14	Additions	Deletions	Adjustments	Balance 9/30/15
Capital assets being depreciated:					
Building improvements	$ 170	$ 10	$ 5	$ -	$ 175
Books & materials	840	52	59	-	833
Mobile equipment	15	-	-	-	15
Equipment & furniture	332	4	1	-	335
Total capital assets being depreciated	1,357	66	65	-	1,358
Less accumulated depreciation for:					
Buildings & improvements	138	6	-	-	144
Books & materials	712	44	59	-	697
Mobile equipment	14	-	-	-	14
Equipment & furniture	270	19	1	-	288
Total capital assets being depreciated, net	1,134	69	60	-	1,143
Total capital assets, net	$ 223	$ (3)	$ 5	$ -	$ 215

Depreciation expense was charged to activities as follows:

Library	$ 68,399
Tourism Commission	-
Total	$ 68,399

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, 2015, follows:

	Interfund Receivables	Interfund Payables
General Fund	$ 2,578,305	$ 134,572
Nonmajor governmental funds		
Special projects fund	59,092	-
Urban Youth Corps Project	-	32,427
Domestic Violence Grant	-	7,866
DUI Grant	-	17,923
2012 HOME Program	-	105,550
COPS Grant II	-	4,878
Traffic Safety Project	-	3,565
Linear Parks System	-	9,368
Old Greenwood Leflore Library	-	14,980
Speed Wave Grant	-	7,137
Milwaukee Tool Expansion Phase I	-	3,223,672
General Obligation Bond & Interest Fund	1,440	-
Total Governmental Funds	2,638,837	3,561,938
Sewage Enterprise	1,866,532	63,323
Greenwood Utilities	137,362	770,306
Nonmajor proprietary funds		
Solid Waste Enterprise	153,911	4,338
Solid Waste Assitance Grant V (Cooperative)	-	396,737
Total Proprietary Funds	2,157,805	1,234,704
Total All Funds	$ 4,796,642	$ 4,796,642

- 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.

Continued

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

Transfers in/transfers out for the primary government follows:

	Transfers In	Transfers Out
General Fund	$ 2,837,567	$ 89,714
Nonmajor governmental funds		
Community Center Fund	1,500	-
Cemetery Project	9,088	-
Special Projects Fund	200,000	201,800
Youth Summer Fun Recreation Program Fund	30,064	-
Urban Youth Corp Project	8,148	-
Domestic Violence Grant	12,127	-
Drug Court Fund	25,000	-
Surface Transportation Project	55,331	-
Yazoo River Trail	14,881	-
Linear Parks System (Phase I & II)	49,845	-
Cops Grant II	22,851	-
Milwaukee Tool Expansion	27,030	-
Old Greenwood Leflore Library	2,140	-
Total Governmental Funds	3,295,572	291,514
Sewage Enterprise	364,986	1,462,192
Greenwood Utilities	-	1,786,392
Nonmajor proprietary funds		
Solid Waste Enterprise	4,853	125,313
	369,839	3,373,897
	$ 3,665,411	$ 3,665,411

Continued

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

Interfund transfers at September 30, 2015 consisted of the following:

$ 12,128	From General Fund to Domestic Violence for match funds.
30,064	From General Fund to Youth Summer Fun Recreation Program to subsidize operations.
9,088	From General Fund to Cemetery Fund to subsidize operations.
2,500	From General Fund to Solid Waste Enterprise Fund for workers comp refund.
8,148	From General Fund to Urban Youth Corp Project for match funds.
22,851	From General Fund to Cops Grant II for match funds.
4,936	From General Fund to Yazoo River Trail fund to subsidize operations.
49,845	From Special Projects Fund to Linear Park System Project for match funds.
45,013	From Special Projects Fund to General Fund ($34,311), Sewage Enterprise Fund ($4,638), Solid Waste Enterprise Fund ($6,064) for gps systems.
55,331	From Special Projects Fund to Surface Transportation Project to subsidize operations.
25,000	From Special Projects Fund to Drug Court Fund to subsidize operations.
2,140	From Special Pojects Fund to Old Greenwood Leflore Library Fund for match funds.
125,000	From Solid Waste Enterprise Fund to General Fund to pay for tearing down of dilapidated houses.
1,450,000	From Sewage Enterprise Fund to General Fund for paving and milling of streets.
9,945	From Sewage Enterprise Fund to Yazoo River Project for reimbursement of labor cost paid by Waste Water.
27,030	From Special Projects Fund to Milwaukee Tool Expansion for match funds.
1,357	From Greenwood Utilities to the Sewage Enterprise Fund for utility services
83,000	From Greenwood Utilities to the Sewage Enterprise Fund for sewer appropriations.
200,000	From Greenwood Utilities to the Special Projects Fund to subsidize operations.
730,000	From Greenwood Utilities to the General Fund to subsidize operations & appropriate $5,000 to the Stars & Stripes Festival and $5,000 for Delta Band Festival.
772,035	From Greenwood Utilities to the General Fund ($493,648), Community Center ($1,500)and Sewage Enterprise Fund ($276,887) for free utility services.
$ 3,665,411	

Continued

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 five 2015 Ford Explorer Police Vehicles, an E-One Pumper Truck, 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.

Five 2015 Ford Explorers Police Vehicles	$ 150,750

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, 2015:

Year ending September 30:	
2016	$ 51,499
2017	51,499
2018	21,458
Total minimum payments	124,456
Less: Amount representing interest	2,455
Present value of net minimum lease payments	$ 122,001

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, 2015:

Year ending September 30:	
2016	$ 36,763
2017	36,763
2018	36,761
Total minimum payments	110,287
Less: Amount representing interest	9,494
Present value of net minimum lease payments	$ 100,793

Continued

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

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, 2015:

Year ending September 30:	
2016	$ 75,575
2017	75,575
2018	75,575
2019	75,575
2020	75,575
Thereafter	151,150
Total minimum payments	529,025
Less: Amount representing interest	52,259
Present value of net minimum lease payments	$ 476,766

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

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

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.

On March 31, 2015, the City issued $2,369,000 in General Obligation Refunding Bonds, Series 2015, with an interest rate of 2.210% to refund $920,000 of outstanding General Obligation Bonds, Series 2005 (the "2005 General Obligation Bonds"), with an average interest rate of 4.159% and $1,235,000 of outstanding General Obligation Bonds, Series 2006 (the "2006 General Obligation Bonds"), with an average interest rate of 4.296%. The net proceeds of $2,267,562 (after payment of $101,438 in bond issuance costs) resulted in a net present value savings benefit to the City in the amount of $94,593. The 2005 General Obligation Bonds and the 2006 General Obligation Bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net assets. 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 $117,688.

General obligation bonds outstanding at September 30, 2015, 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%	$ 1,195,000
$3,600,000 2002 General Obligation MBIA Bonds due in annual principal installments of $180,000 through December 1, 2022; interest at 3%	1,440,000
$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%. $1,235,000 was partially refunded as of September 30, 2015	95,000
$2,369,000 2015 General Obligation Refunding Bonds due in annual principal installments of $208,000 to $259,000 through October 1, 2025; interest at 2.21%	2,337,000
$3,000,000 2015 General Obligation Public Improvement Bonds due in annual principal installments of $100,000 to $210,000 through February 1, 2035; interest at 2.5% to 3.25%	3,000,000
Total	$ 8,067,000

Continued

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

2. Notes Payable

$563,560 Mississippi Development Authority Capital Improvements Revolving Loan due in monthly installments of $2,857 for 240 months at 2% annual interest to be computed daily. Payments to begin June 1, 2016 payable out of Sewage Enterprise Fund	$ 563,560
$1,534,255 Bank of Commerce Note dated July 15, 2015 for the purchase of 9 garbage trucks; due in monthly installments of $43,660; interest at 1.55%; Note is secured by the garbage trucks and payable out of Solid Waste Fund	$ 1,409,125

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, 2015 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%	$ 5,314,470
$39,025,000 Sewer Rehab Revolving loan due in monthly installments of $194,873 beginning January 1, 2017, through September 1, 2036; interest at 1.75%	$ 35,108,569

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%; repayment beginning 90 days after completion of project; expected 2016	$ 92,624

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%	$ 2,725,000

Continued

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, 2015, was as follows (in thousands of dollars):

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General Obligation bonds	$ 3,750	$ 3,000	$ 123	$ 6,627	$ 558
General Obligation MBIA bond	1,620	-	180	1,440	180
Capital lease	669	150	119	700	145
Compensated absences	249	309	249	309	309
Total governmental activities	$ 6,288	$ 3,459	$ 671	$ 9,076	$ 1,192
Business-type activities:					
State revolving loan (Phase IV)	$ 5,691	$ -	$ 377	$ 5,314	$ 384
State revolving loan (Phase V)	28,076	7,033	-	35,109	-
State revolving loan (Drinking Water)	92	-	-	92	92
Sewer Revenue Refunding Bonds, Series 2012	3,310	-	585	2,725	600
Capital Improvement Loan	479	85	-	564	8
Note payable (Garbage Trucks)	-	1,534	125	1,409	463
Capital lease	107	-	107	-	-
Compensated absences	400	42	76	366	126
Total business-type activities	$ 38,155	$ 8,694	$ 1,270	$ 45,579	$ 1,673

6. Legal Debt Margin and Debt Covenants

The City's legal debt margin for the issuance of general obligation bonds was $8,538,395 at September 30, 2015.

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

Continued

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, 2015, including interest, by source of retirement are as follows:

Debt Service Fund (Special Tax Levy)

	General Obligation Bonds		(Memorandum Only)
Fiscal Year	Principal	Interest	Total
2016	$ 558,000	$ 202,262	$ 760,262
2017	480,000	152,416	632,416
2018	493,000	140,086	633,086
2019	510,000	127,691	637,691
2020	526,000	115,159	641,159
2021-2025	2,270,000	398,111	2,668,111
2026-2030	810,000	210,863	1,020,863
2031-2035	980,000	79,906	1,059,906
Totals	$ 6,627,000	$ 1,426,494	$ 8,053,494

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

	Capital Lease		(Memorandum Only)
Fiscal Year	Principal	Interest	Total
2016	$ 94,932	$ 17,406	$ 112,338
2017	98,099	14,239	112,338
2018	101,378	10,959	112,337
2019	68,015	7,560	75,575
2020	69,831	5,744	75,575
2021-2022	145,304	5,845	151,149
Totals	$ 577,559	$ 61,753	$ 639,312

General Fund & Police Reward Fund (Special Tax Levy)

	Capital Lease		(Memorandum Only)
Fiscal Year	Principal	Interest	Total
2016	$ 49,912	$ 1,587	$ 51,499
2017	50,717	783	51,500
2018	21,372	86	21,458
Totals	$ 122,001	$ 2,456	$ 124,457

Continued

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

Industrial Rent #255 (Milwaukee Tool Rents)

	General Obligation MBIA Bond		(Memorandum Only)
Fiscal Year	Principal	Interest	Total
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	180,000	18,900	198,900
2021-2023	540,000	24,300	564,300
Totals	$ 1,440,000	$ 172,800	$ 1,612,800

Sewage Enterprise Fund (Water/Sewer Revenues)

	State Revolving Loan IV		(Memorandum Only)
Fiscal Year	Principal	Interest	Total
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	415,742	70,846	486,588
2021-2025	2,208,020	224,917	2,432,937
2026-2028	1,108,384	26,986	1,135,370
Totals	$ 5,314,470	$ 686,775	$ 6,001,245

Sewage Enterprise Fund (Water/Sewer Revenues)

	Sewer Refunding Bonds		(Memorandum Only)
Fiscal Year	Principal	Interest	Total
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	290,000	11,295	301,295
2021	185,000	4,625	189,625
Totals	$ 2,725,000	$ 169,472	$ 2,894,472

Continued

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

Sewage Enterprise Fund (Water/Sewer Revenues)

	Capital Improvement Loan		(Memorandum Only)
Fiscal Year	Principal	Interest	Total
2016	$ 7,666	$ 3,738	$ 11,404
2017	23,307	10,905	34,212
2018	23,777	10,435	34,212
2019	24,257	9,955	34,212
2020	24,746	9,465	34,211
2021-2025	131,429	39,628	171,057
2026-2030	145,240	25,818	171,058
2031-2035	160,502	10,556	171,058
2036	22,636	170	22,806
Totals	$ 563,560	$ 120,670	$ 684,230

Sewage Enterprise Fund (Water/Sewer Revenues)

	State Revolving Loan V		(Memorandum Only)
Fiscal Year	Principal	Interest	Total
2016	$ -	$ -	$ -
2017	1,248,921	504,935	1,753,856
2018	1,690,914	647,562	2,338,476
2019	1,720,743	617,732	2,338,475
2020	1,751,099	587,376	2,338,475
2021-2025	9,229,906	2,462,469	11,692,375
2026-2030	10,073,268	1,619,108	11,692,376
2031-2035	10,993,690	698,687	11,692,377
2036	2,316,459	22,018	2,338,477
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 schedule.

Solid Waste Enterprise Fund (Solid Waste Revenue)

	Note Payable (Garbage Trucks)		(Memorandum Only)
Fiscal Year	Principal	Interest	Total
2016	$ 462,910	$ 17,346	$ 480,256
2017	512,738	11,177	523,915
2018	433,477	3,119	436,596
Totals	$ 1,409,125	$ 31,642	$ 1,440,767

Continued

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

G. Tax Increment Limited Obligation Bonds (Conduit Debt)

On June 18, 2015, the City issued Tax Increment Limited Obligation (TIF) Bonds, Series 2015, in the amount of $265,000 to assist in the infrastructure improvements of the Landing Retail Project, a commercial property that operates as a convenience store and truck fueling station. The City entered into an Interlocal Cooperation Agreement with Leflore County, Mississippi, to provide the pledge of certain ad valorem tax revenues for the payment of the principal and interest on the bonds. As a result, the bonds are a limited obligation of the City payable solely from the tax increment. The bonds are not a general obligation of the City.

$265,000 Limited Obligation Tax Increment Financing Bonds due in annual installments of $23,000 to $33,000 beginning April 1, 2016, through April 1, 2025; interest at 5.25%	$ 265,000

H. 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:

	Nonmajor Governmental Funds
FUND BALANCES:	
RESTRICTED FOR:	
Public safety	$ 2,866,654
Public works	185,058
Economic development & assistance	584,218
Debt service	412,697
ASSIGNED TO:	
Public safety	40,691
Culture & recreation	13,957
Special projects	248,797
Economic development & assistance	65,869
Total fund balances	$ 4,417,941

Unrestricted net position for Greenwood Utilities was comprised of unrestricted net position and board designated net position balances of ($1,273,895) and $7,775,753, 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. General Information about the Pension Plan

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 members and beneficiaries. Benefit provisions are established by state law 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 the Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS, 39201-1005 or by calling (601)359-3589 or 1-800-444-PERS.

Benefits Provided. Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. A member may elect a reduced retirement allowance payable for life with the provision that, after death, a beneficiary receives benefits for life or for a specified number of years. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. In the event of death prior to retirement of any member whose spouse and/or children are not entitled to a retirement allowance, the deceased member's accumulated contributions and interest are paid to the designated beneficiary.

A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became

NOTE 4 - PENSION PLANS (CONTINUED)

members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter.

Contributions. Plan provisions and the PERS Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. §25-11-1 et seq., (1972, as amended) and may be amended only by the Mississippi Legislature. Policies for PERS provide for employer and member contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are adequate to accumulate sufficient assets to pay benefits when due. Contribution rates for PERS are established in accordance with actuarial contribution requirements determined through the most recent June 30 annual valuation and adopted by the PERS Board of Trustees. Employer contribution rates consist of an amount for service cost; the amount estimated to finance benefits earned by current members during the year; and an amount for amortization of the unfunded actuarial accrued liability. For determining employer contribution rates, the actuary evaluates the assets of the plan based on a five-year smoothed expected return, with 20% of a year's excess or shortfall of expected return recognized each year for five years. Contribution rates are determined using the entry age actuarial cost method and include provisions for an annual 3.00% cost-of-living increase calculated according to the terms of the respective plan.

PERS members are required to contribute 9% of their annual salary. The employer's contractually required contribution rate for the year ended September 30, 2015, was 15.75% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. For 2015, the City's and Greenwood Utilities' contribution to the pension plan was $1,117,164 and $609,678, respectively.

2. **Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

City of Greenwood.

At September 30, 2015, the City reported a liability of $16,804,452, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on employer contributions to PERS for the plan's fiscal year ended June 30, 2015, relative to the total employer contributions of participating employers to PERS. At June 30, 2015, the City's proportion was 0.113511%, which was an increase of 0.001085% from its proportion of 0.112426%, as of June 30, 2014.

For the year ended September 30, 2015, the City recognized pension expense of $1,676,249. At September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTE 4 - PENSION PLANS (CONTINUED)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 389,152	$ -
Changes of assumptions or other inputs	1,447,646	-
Net difference between projected and actual earnings on pension plan investments	983,240	1,420,868
Changes in proportion	82,283	51,240
Employer contributions subsequent to the measurement date	276,794	-
	$ 3,179,115	$ 1,472,108

At September 30, 2015, the City reported $276,794 as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability during its 2016 fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources at September 30, 2015, related to pensions will be recognized in pension expense as follows:

Year Ending September 30	
2016	$ 474,290
2017	464,489
2018	245,624
2019	245,810
	$ 1,430,213

Greenwood Utilities.

At September 30, 2015, Greenwood Utilities reported a liability of $9,475,618, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Greenwood Utilities' proportion of the net pension liability was based on employer contributions to PERS for the plan's fiscal year ended June 30, 2015, relative to the total employer contributions of participating employers to PERS. At June 30, 2015, Greenwood Utilities' proportion was 0.061299%, which was an increase of 0.000313% from its proportion of 0.060986% as of June 30, 2014.

For the years ended September 30, 2015, Greenwood Utilities recognized pension expense of $750,257. At September 30, 2015, Greenwood Utilities reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Continued

NOTE 4 - PENSION PLANS (CONTINUED)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 219,764	$ -
Changes of assumptions or other inputs	816,292	-
Net difference between projected and actual earnings on pension plan investments		250,369
Changes in proportion	27,779	287,285
Employer contributions subsequent to the measurement date	143,370	-
	$ 1,207,205	$ 537,654

At September 30, 2015, Greenwood Utilities reported $143,370 as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability during its 2016 fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources at September 30, 2015, related to pensions will be recognized in pension expense as follows:

Year Ending September 30	
2016	$ 114,417
2017	140,786
2018	132,373
2019	138,605
	$ 526,181

3. Actuarial Assumptions

The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions and other inputs:

Inflation	3%
Salary increases	3.75-19.00%, average including inflation
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 Healthy Annuitant Blue Collar Table projected with Scale BB to 2016, with male rates set forward one year.

The actuarial assumptions used in the June 30, 2015, valuation were based on the results of an actuarial experience study for the period July 1, 2010 through June 30, 2014. The experience report is dated May 4, 2015.

Continued

NOTE 4 - PENSION PLANS (CONTINUED)

For the year ended June 30, 2015, the long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2015, are summarized in the following table:

Asset Class	Target Allocation Percentage	Expected Real Rate of Return
U.S. Broad	34.00%	5.20%
International equity	19.00%	5.00%
Emerging markets equity	8.00%	5.45%
Fixed income	20.00%	25.00%
Real assets	10.00%	4.00%
Private equity	8.00%	6.15%
Cash	1.00%	-0.50%
	100.00%	

4. Discount Rate

The discount rate used to measure the total pension liability was 7.75% at June 30, 2015. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate (9.00%), and that participating employer contributions will be made at the current employer contribution rate (15.75%). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

5. Sensitivity of Proportionate Share of the Net Pension Liability to Changes in Discount Rate

The City and Greenwood Utilities' proportionate share of the net pension liability has been calculated using a discount rate of 7.75%. The following presents the City and Greenwood Utilities' proportionate share of the net pension liability calculated using a discount rate 1% higher and 1% lower than the current rate.

Continued

NOTE 4 - PENSION PLANS (CONTINUED)

City of Greenwood:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Proportionate share of the net pension liability	$ 22,149,804	$ 16,804,452	$ 12,368,804

Greenwood Utilities:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Proportionate share of the net pension liability	$ 12,489,731	$ 9,475,618	$ 6,974,465

6. Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report which can be obtained at http://www.pers.ms.gov.

7. **Payable to the Pension Plan**

At September 30, 2015, the City and Greenwood Utilities have no amounts payable for outstanding contributions to the pension plan required for the year ended June 30, 2015.

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 the plan. At June 30, 2015, the date of the most recent actuarial verification, there were 2 participating municipal employees and 59 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.

NOTE 4 - PENSION PLANS (CONTINUED)

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. Net Pension Liability

The "Net Pension Liability" (NPL) is the difference between the "Total Pension Liability: (TPL) and the plan's "Fiduciary Net Position" (FNP). The TPL is the present value of pension benefits that are allocated to current members due to past service by entry age normal actuarial cost method. The TPL includes benefits to projected salary and service, and automatic cost of living adjustments (COLA's). In addition, ad hoc COLA's are also included in the TPL to the extent they are substantively automatic. The FNP is determined on the same basis used by the pension plan. The City's net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Net Pension Liability	
Measurement Date	June 30, 2015
Total Pension Liability	$ 8,102,146
Fiduciary Net Position	3,228,556
Net Pension Liability	$ 4,873,590

A schedule of Net Pension Liability, in addition to the information above, includes multi-year trend information (beginning with FY 2015) and is presented in the Required Supplementary Information Section on pages 84-85.

Continued

NOTE 4 - PENSION PLANS (CONTINUED)

4. Schedule of Changes in Net Pension Liability

The change in Net Pension Liability, for the Disability and Relief municipal pension plan, for the fiscal year ended September 30, 2015, is as follows:

Change in Net Pension Liability	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at June 30, 2014	$ 8,145,340	$ 3,392,414	$ 4,752,926
Service cost	8,764	-	8,764
Interest on the total pension liability	619,518	-	619,518
Benefit changes	239,110	-	239,110
Difference between expected and actual experience	(107,862)	-	(107,862)
Employer's contribution	-	501,221	(501,221)
Employees' contributions	-	8,366	(8,366)
Pension plan net investment income	-	139,303	(139,303)
Benefit payments, including refunds of employee contributions	(802,724)	(802,724)	-
Administrative expense	-	(10,024)	10,024
Other	-	-	-
Net Change	(43,194)	(163,858)	120,664
Balances at June 30, 2015	$ 8,102,146	$ 3,228,556	$ 4,873,590

Continued

NOTE 4 - PENSION PLANS (CONTINUED)

5. Pension Expense

For the year ended September 30, 2015, the City recognized total pension expense of $525,914. Pension expense recognized by the plan is as follows:

	Pension Expense
Service Cost	$ 8,764
Interest on the total pension liability	619,518
Expensed portion of current-period difference between expected and actual experience in the total pension liability	(107,862)
Expensed portion of current-period changes in assumptions	239,110
Member contributions	(8,366)
Projected earnings on plan investments	(259,267)
Expensed portion of current-period differences between actual and projected earnings on plan investments	23,993
Administrative expense	10,024
Total Pension Expense(Income)	$ 525,914

Continued

NOTE 4 - PENSION PLANS (CONTINUED)

6. Schedule of Deferred Outflows and Inflows of Resources

Deferred outflows of resources and deferred inflows of resources by source reported by the City at September 30, 2015 for the Disability and Relief municipal plan are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on plan investments	$ 95,971	$ -
Total Pension Expense	$ 95,971	$ -

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension at September 30, 2015 will be recognized in pension expense as follows:

Year ending September 30	Amount
2016	$ 23,993
2017	23,993
2018	23,993
2019	23,992
	$ 95,971

7. Discount Rate

The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Continued

NOTE 4 - PENSION PLANS (CONTINUED)

8. Sensitivity of Proportionate Share of the Net Pension Liability to Changes in Discount Rate

The City's proportionate share of the net pension liability has been calculated using a discount rate of 7.75%. The following presents the City's proportionate share of the net pension liability calculated using a discount rate 1% higher and 1% lower than the current rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Plan's Net Pension Liability	$ 5,504,297	$ 4,873,590	$ 4,322,717

9. Schedule of Assumptions

The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.50%
Salary changes	4.50 - 6.00%, including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation
Valuation Date	June 30, 2015
Actuarial Cost Method	Ultimate Asset Reserve
Amortization Method	N/A
Remaining Amortization Period	N/A
Asset Valuation Method	Five year smoothed market

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, 2015, the required amounts were funded. Claims totaled $10,931 during fiscal year 2015 for the City of Greenwood. Greenwood Utilities paid $897 for unemployment claims and $2,634 as a .5% employer.

Continued

NOTE 5 - OTHER INFORMATION (CONTINUED)

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 $1,261,026, and employee benefit costs and administrative expenses were $1,266,545 during fiscal year 2015. Claims incurred but not reported at September 30, 2015, in the Employees' Group Benefit Fund are provided for in claims payable and totaled $92,457.

Greenwood Utilities maintains a Medical Plan Reserve Fund to account for the accumulation of revenues, principally contributions from the utility 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 $901,836, and employee benefit costs were $821,102 during fiscal year 2015. Claims incurred but not reported at September 30, 2015, in the Medical Plan Reserve Fund are included in group medical insurance claims allowance as a restricted liability and totaled $20,178.

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, 10/1/2013	$ 50,623	$ 294,381
Current year claims	-	1,279,110
Interest earnings	60	460
Transfer in	25,000	-
Claims payments and administration	(13,610)	(1,281,092)
Ending balance, 9/30/14	62,073	292,859
Current year claims	-	1,260,582
Interest earnings	59	444
Miscellaneous charges	-	(15,435)
Claims payments and administration	(6,171)	(1,251,110)
Ending balance, 9/30/15	$ 55,961	$ 287,340

Continued

NOTE 5 - OTHER INFORMATION (CONTINUED)

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.

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

Continued

NOTE 5 - OTHER INFORMATION (CONTINUED)

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 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 Mississippi Department of Environmental Quality for a sewer rehab revolving loan to the Sewage Enterprise Fund. The outstanding balance of this loan at September 30, 2015, was $5,314,470. Detailed information is provided in Note 3.

Continued

NOTE 5 - OTHER INFORMATION (CONTINUED):

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 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, 2015, the City had borrowed $35,108,569 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 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, 2015, 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 estimate for loss is recorded at September 30, 2015.

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.

Continued

NOTE 5 - OTHER INFORMATION (CONTINUED):

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. Environmental Contingencies

In the normal course of business, Greenwood Utilities is subject to environmental oversight by various regulatory agencies. These regulatory agencies can potentially make assessments against Greenwood Utilities that may or may not result in penalties or remediation liabilities. Greenwood Utilities evaluates any such matters by conducting investigations to determine the validity of each potential assessment. Based upon the results of the investigation and the projected results of appeals, management records an estimate of the amount of ultimate expected loss, if any. Events could occur that would cause the estimate of ultimate loss to differ materially in the near term. No such liabilities are recorded at September 30, 2015.

E. Joint Ventures

The following provides the summary financial information of the Municipal Energy Agency of Mississippi (MEAM) as of September 30, 2015, the Greenwood-Leflore Airport September 30, 2014 (September 30, 2015, not yet issued) and the Greenwood-Leflore Industrial Board as of September 30, 2014 (September 30, 2015, not yet issued):

Municipal Energy Agency of Mississippi (MEAM)	2015
Total assets	$ 126,041,475
Deferred outflows of resources	$ 105,969
Total liabilities	$ 101,529,319
Total deferred inflows of resources	$ 19,577,853
Total net position	$ 5,040,272
Total revenues	$ 38,997,696
Total expenses	$ 39,054,978
Increase (decrease)in net position	$ (57,282)
Total debt	$ 98,694,917
Net Pension Liability	$ 573,061

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

NOTE 5 - OTHER INFORMATION (CONTINUED):

Greenwood-Leflore Airport	2014
Total assets	$ 10,123,752
Total liabilities	$ 30,553
Total net position	$ 10,093,199
Total program and general revenues	$ 897,378
Total expenses	$ 827,496
Increase (decrease)in net position	$ 69,882
Accrued compensated absences	$ 12,753

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

Greenwood-Leflore Industrial Board	2014
Total assets	$ 34,338
Total liabilities	$ 34,338
Total net position	$ -
Total program and general revenues	$ 203,142
Total expenses	$ 203,142
Increase (decrease)in net position	$ -
Accrued compensated absences	$ 5,866

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

Continued

NOTE 5 - OTHER INFORMATION (CONTINUED):

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 - PRIOR PERIOD ADJUSTMENTS

The following is a summary of prior period adjustments made to the beginning Net Position during fiscal year 2015:

	Governmental Activities	Business Activities	Total
Net pension liability	$ (15,558,464)	$ (9,666,338)	$ (25,224,802)
Deferred outflows	399,774	336,053	735,827
Deferred inflows	(1,632,508)	(1,863,750)	(3,496,258)
Net Position balance, as restated	$ (16,791,198)	$ (11,194,035)	$ (27,985,233)

A. Governmental Activities

	Public Employees' Retirement System	Disability and Relief Fund	Total
Net pension liability	$ (10,805,538)	$ (4,752,926)	$ (15,558,464)
Deferred outflows	397,218	2,556	399,774
Deferred inflows	(1,632,508)	-	(1,632,508)
Net Position balance, as restated	$ (12,040,828)	$ (4,750,370)	$ (16,791,198)

Continued

NOTE 6 - PRIOR PERIOD ADJUSTMENTS (CONTINUED)

B. Business-type Activities

	Sewage Enterprise Fund	Greenwood Utilities	Other Enterprise Funds	Total
Net pension liability	$ (1,031,621)	$ (7,402,585)	$ (1,232,132)	$ (9,666,338)
Deferred outflows	37,923	252,836	45,294	336,053
Deferred inflows	(155,858)	(1,521,740)	(186,152)	(1,863,750)
Net Position balance, as restated	$ (1,149,556)	$ (8,671,489)	$ (1,372,990)	$ (11,194,035)

NOTE 7 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 20, 2016, the date on which the financial statements were available to be issued.

Subsequent to year-end, Greenwood Utilities executed a $3,000,000 line of credit with a local financial institution. As of the date of the Independent Auditor's Report, no draws were made on this line of credit.

REQUIRED SUPPLEMENTARY INFORMAITON

CITY OF GREENWOOD, MISSISSIPPI
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
MISSISSIPPI PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Last 10 Fiscal Years*

CITY OF GREENWOOD:		2015
Employer's proportionate share of the net pension liability	$	16,804,452
Employer's proportion of the net pension liability		0.114%
Employer's covered-employee payroll	$	7,093,107
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll		236.91%
Plan fiduciary net position as a percentage of the total pension liability		61.70%

GREENWOOD UTILITIES		2015
Employer's proportionate share of the net pension liability	$	9,475,618
Employer's proportion of the net pension liability		0.061%
Employer's covered-employee payroll	$	3,870,971
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll		244.79%
Plan fiduciary net position as a percentage of the total pension liability		61.70%

*The amounts presented for each fiscal year were determined as of the measurement date of June 30th of the year in which the fiscal year ends (i.e. June 30, 2015 measurement date used for September 30, 2015).

This schedule is presented to illustrate the requirement to show information for 10 years. GASB 68 and 71 were implemented in the fiscal year ending September 30, 2015, and is retroactively applied to all years presented in this report. Until a full 10-year trend is compiled, the Commission has only presented information for the years in which information is available.

CITY OF GREENWOOD, MISSISSIPPI
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY CONTRIBUTIONS
MISSISSIPPI PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Last 10 Fiscal Years*

CITY OF GREENWOOD:

	2015
Contractually required employer contribution	$ 1,117,164
Employer's proportion of the net pension liability	1,117,164
Annual contributions deficiency (excess)	$ -
Commission's covered-employee payroll	$ 7,093,107
Actual contributions as a percentage of covered-employee payroll	15.75%

GREENWOOD UTILITIES

	2015
Contractually required employer contribution	$ 609,678
Employer's proportion of the net pension liability	609,678
Annual contributions deficiency (excess)	$ -
Commission's covered-employee payroll	$ 3,870,971
Actual contributions as a percentage of covered-employee payroll	15.75%

*The amounts presented for each fiscal year were determined as of the measurement date of June 30th of the year in which the fiscal year ends (i.e. June 30, 2015 measurement date used for September 30, 2015).

This schedule is presented to illustrate the requirement to show information for 10 years. GASB 68 and 71 were implemented in the fiscal year ending September 30, 2015, and is retroactively applied to all years presented in this report. Until a full 10-year trend is compiled, the Commission has only presented information for the years in which information is available.

See accompanying notes to the schedules of required supplementary information.

CITY OF GREENWOOD, MISSISSIPPI
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY
(DISABILITY & RELIEF - MUNICIPAL RETIREMENT SYSTEMS PENSION PLAN)

		2015
Total pension liability		
Service cost	$	8,764
Interest		619,518
Change in benefit terms		-
Difference between expected and actual experience		(107,862)
Change of assumptions		239,110
Benefit payments, including refunds of employee contributions		(802,724)
Net Change in total pension liability		(43,194)
Total pension liability - beginning		8,145,340
Total pension liability - ending (a)	$	8,102,146
Plan fiduciary net position		
Contributions - employer	$	501,221
Contributions - member		8,366
Net investment income		139,303
Benefit payments, including refunds of employee contributions		(802,724)
Administrative expense		(10,024)
Net change in plan fiduciary net position		(163,858)
Plan net position - beginning		3,392,414
Plan net position - ending (b)	$	3,228,556
Net pension liability - ending (a) - (b)	$	4,873,590
Plan fiduciary net position as a percentage of the total pension liability		39.85%
Covered-employee payroll*		N/A
Net pension liability (asset) as a percentage of covered-employee payroll*		N/A

*Payroll-related information not provided because plan is closed to new entrants and there are very few remaining active members and many municipalities have no remaining active members.

See accompanying notes to the schedules of required supplementary information.

CITY OF GREENWOOD, MISSISSIPPI
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY CONTRIBUTIONS
(DISABILITY & RELIEF - MUNICIPAL RETIREMENT SYSTEMS PENSION PLAN)

	2015
Actuarially determined contribution*	$ 501,221
Contributions in relation to actuarially determined contributions	501,221
Contribution deficiency (excess)	$ -
Covered-employee payroll*	N/A
Contributions as a percentage of covered-employee payroll	N/A

*Payroll-related information not provided because plan is closed to new entrants and there are very few remaining active members and many municipalities have no remaining active members.

See accompanying notes to the schedules of required supplementary information.

CITY OF GREENWOOD, MISSISSIPPI
NOTES TO THE SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Pension Schedules

Schedules 1 and 2

(1) Change in Benefit Terms

None

(2) Change in Assumptions

In 2015 and later, the expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015. In 2015, the expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015. Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience. In 2015, assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. Finally, the price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.

Schedules 3 and 4

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported. Contributions for the fiscal year ending September 30, 2015 were based on the June 30, 2013 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Ultimate Asset Reserve
Amortization method	N/A
Remaining amortization method	N/A
Asset valuation method	Five year smoothed market
Inflation	3.50%
Salary increases	4.50 - 6.00%, including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation

SUPPLEMENTAL INFORMATION

CITY OF GREENWOOD, MISSISSIPPI
SCHEDULE OF SURETY BONDS FOR MUNICIPAL OFFICIALS
SEPTEMBER 30, 2015

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

SINGLE AUDIT AND STATE LEGAL COMPLIANCE

CITY OF GREENWOOD, MISSISSIPPI
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2015

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF DEFENSE			
Direct Program through the U.S. Army Corps of Engineers			
Mississippi Environmental Infrastructure (Section 592)- ARRA	12.124	1127-10-200-PF-01	441,025
TOTAL U.S. DEPARTMENT OF DEFENSE			441,025
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed through program Mississippi Development Authority			
Community Development Block Grants/State's Program & Nonentitlement Grants in Hawaii	14.228	1130-13-200-PF-1	553,983
Community Development Block Grants/State's Program & Nonentitlement Grants in Hawaii	14.228	1131-14-200-ED-01	2,500,000
SUBTOTAL CFDA #14.228			3,053,983
Home Investment Partnerships Program	14.239	1224-M12-SG-280-950	156,500
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			3,210,483
U.S. DEPARTMENT OF JUSTICE			
Direct Programs:			
Public Safety Partnership & Community Policing Grants-ARRA	16.710	2013UMWX0195	68,551
Passed through Mississippi State Department of Public Safety:			
Violence Against Women Formula Grants-ARRA	16.588	13SL2131	26,275
Violence Against Women Formula Grants-ARRA	16.588	14SL2131	7,866
SUBTOTAL CFDA #16.588			34,141
TOTAL U.S. DEPARTMENT OF JUSTICE			102,692
U.S. DEPARTMENT OF TRANSPORTATION			
Passed through Mississippi Department of Transportation:			
Highway Planning and Construction: (Federal-Aid Highway Program)-ARRA	20.205	STP-9999-09(032)106638-306000	32,427
Highway Planning and Construction: (Federal-Aid Highway Program)-ARRA	20.205	DRA-8831-00(008)LPA/106059-801000	35,489
SUBTOTAL CFDA #20.205			67,916
Passed through Mississippi Department of Wildlife, Fisheries, and Parks:			
Recreational Trails Program	20.219	28-RTP-247	82,824
Passed through Mississippi Department of Public Safety:			
State & Community Highway Safety Grant	20.600	15-PT-213-1	7,137
Alcohol Countermeasure Grant	20.600	15-ST-213-1	77,265
Occupant Protection Incentive Grants	20.600	15-OP-213-1	13,423
SUBTOTAL CFDA #20.600			97,825
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			248,565
U. S. ENVIRONMENTAL PROTECTION AGENCY			
Passed through Mississippi Department of Environmental Quality			
Capitalization Grants for Clean Water State Revolving Funds	66.458	SRF-C280-782-05	1,087,175
TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY			1,087,175
TOTAL			$ 5,089,940

See accompanying notes to schedule of expenditures of federal awards.

CITY OF GREENWOOD, MISSISSIPPI
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2015

NOTE A - LOANS PAYABLE

In accordance with OMB Circular A-133, loans and loan guarantees include new loans made during the year, plus prior year loans for which the federal government imposes continuing compliance requirements.

U. S. DEPARTMENT OF ENVIRONMENTAL QUALITY
Passed through Mississippi Department of Environmental Quality:

The City of Greenwood financed its sewer improvements and its ongoing wastewater treatment facility construction with loans payable to the Mississippi Department of Environmental Quality.

Phase IV sewer improvements 2.0% note dated July 1, 2008	66.458	SRF-C280782-04-2	$ 5,314,470
Phase V wastewater treatment facility 1.75% note dated November 9, 2013	66.458	SRF-C280782-05-1	$ 35,108,569

NOTE B - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Greenwood and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE C - CONTINGENCY

The City has responsibility for expending grant funds in accordance with specific instructions from its funding sources. Any deficits resulting from over-expenditures and/or questioned costs are the responsibility of the City.

Any unexpended grant funds at the end of the grant period may be refundable or carried over to the following period at the discretion of the funding sources. Notwithstanding the audits by independent certified public accountants, all costs included in this report remain subject to audit by the agencies providing financial support within the limits of the Single Audit Act of 1996, as amended. The determination as to whether costs will be allowable or unallowable under the grants will be made by representatives of the funding sources having authority to make and enforce contracts.

NOTE D - SUBRECIPIENTS

Of the federal expenditures presented in the schedule, the City provided federal awards to subrecipients as follows:

Program Title	CFDA #	Amount Provided
Home Investment Partnerships Program Grant - Entitlement Grants	14.239	$ 156,500

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

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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 the City of Greenwood, Mississippi (the City), as of and for the year ended September 30, 2015, 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 20, 2016.

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 and responses, 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 a material weakness: 2015-1

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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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 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

Fred T. Neely & Company, PLLC

Greenwood, Mississippi
June 20, 2016

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the City Council
City of Greenwood, Mississippi

Report on Compliance for Each Major Federal Program

We have audited the City of Greenwood, Mississippi's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Greenwood, Mississippi's major federal programs for the year ended September 30, 2015. The City of Greenwood, Mississippi's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and responses.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Greenwood, Mississippi's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Greenwood, Mississippi's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Greenwood, Mississippi's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Greenwood, Mississippi, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2015.

Report on Internal Control over Compliance

Management of the City of Greenwood, Mississippi, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Greenwood, Mississippi's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on

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the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Greenwood, Mississippi's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Fred T. Neely & Company, PLLC

Fred T. Neely & Company, PLLC

Greenwood, Mississippi
June 20, 2016

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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, 2015 and have issued our report thereon dated June 20, 2016. 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 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 immaterial instances of noncompliance with state laws and regulations presented as 2015-2 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

Fred T. Neely & Company, PLLC

Greenwood, Mississippi
June 20, 2016

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CITY OF GREENWOOD, MISSISSIPPI
Summary Schedule of Prior Audit Findings
Year Ended September 30, 2015

2014-1. 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.

2014-2. Findings relating to State Legal Compliance

Condition: Expenditures exceeded the adopted budget in four 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, 2015

SECTION 1: SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

1.	Type of auditor's report issued:	Unmodified
2.	Internal control over financial reporting:	
	a. Material weakness(es) identified?	Yes.
	b. Significant deficiency(ies) identified?	None reported.
3.	Noncompliance material to financial statements noted?	No.

Federal Awards:

4.	Internal control over major programs:	
	a. Material weakness(es) identified?	No.
	b. Significant deficiency(ies) identified?	None reported.
5.	Type of auditor's report issued on compliance for major programs:	Unmodified
6.	Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?	No.

7. Identification of major programs:

   CFDA 14.228 - Community Development Block Grant

   CFDA 66.458 - Capitalization Grants for Clean Water State Revolving Funds

8. Dollar threshold used to distinguish between Type A and Type B programs: $300,000.

9. Auditee qualified as a low-risk auditee? No.

CITY OF GREENWOOD, MISSISSIPPI
Schedule of Findings
Year Ended September 30, 2015

SECTION II: FINANCIAL STATEMENT FINDINGS

MATERIAL WEAKNESS

2015-1: 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.

IMMATERIAL COMPLIANCE

2015-2: State Legal Compliance

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 three functional categories.

SECTION III: FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

The results of our tests did not disclose any findings and questioned costs related to the federal awards.

CITY OF GREENWOOD

CORRECTIVE ACTION PLAN

June 20, 2016

The City of Greenwood, Mississippi, respectfully submits the following corrective action plan for the year ended September 30, 2015.

Name and address of independent public accounting firm: Fred T. Neely & Company, PLLC, P. O. Box 894, Greenwood, MS 38935-0894.

Audit period: For the year ended September 30, 2015.

The findings from the 2015 Schedule of Findings are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS – FINANCIAL STATEMENTS AUDIT

MATERIAL WEAKNESS

2015-1:

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

Action taken: We agree with the finding. The City benefits the most by continuing to outsource the preparation of the financial statements and related note disclosures. Management understands and accepts the risk of permitting the auditors to prepare the financial statements and related note disclosures due to cost constraints.

STATE LEGAL COMPLIANCE FINDING

2015-2:

Recommendation: The City should amend its budget when a functional category is exceeded as allowed by Mississippi Code Ann. (1972), Section 21-35-25.

Action taken: Management will review the comparative budget reports as well as encumbrance reports at year-end and make the necessary budget adjustments to ensure compliance with state law.

Please call the City Clerk, Nick Joseph, at 662-453-2246 should there be any questions.

Sincerely yours,

Nick Joseph

Nick Joseph
City Clerk

RECEIVED

JUL 25 2016

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