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**CITY OF GREENWOOD**

OFFICE: 662-453-2246  
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July 20, 2017

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, 2016.

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

Sincerely,

Nick Joseph, Jr., CPA  
City Clerk



**CITY OF GREENWOOD, MISSISSIPPI**  
**Financial Statements**  
**For the Year Ended September 30, 2016**

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**CITY OF GREENWOOD, MISSISSIPPI**  
**Financial Statements**  
**For the Year Ended September 30, 2016**

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**FINANCIAL SECTION**





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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, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Greenwood-Leflore Public Library, which represent 58 percent, -93% percent, and 55 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 50 percent, 74 percent, and 78 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, 2016, 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 budgetary comparison for the General Fund.



***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension schedules on pages 3-13, pages 21-23, 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 is 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 19, 2017, 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 19, 2017

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## CITY OF GREENWOOD

### ***Management's Discussion and Analysis For the Year Ended September 30, 2016***

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, 2016. 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.

#### **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



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

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 fund is the General 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.

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## **City of Greenwood**

### **Management's Discussion and Analysis**

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

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

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

#### **Proprietary Funds**

The City of Greenwood maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the 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 24-27 of this report.

#### ***Notes to the Financial Statements***

The accompanying notes to the financial statements provide information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin immediately following the basic financial statements.

The notes to the financial statements can be found on pages 29-81 of this report.



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

### **Financial Highlights:**

Key financial highlights for 2016 were as follows:

- The assets and deferred outflows of the City of Greenwood exceeded its liabilities and deferred inflows at the close of the 2016 fiscal year by \$82,153,204.
- The government's total net position increased by \$3,025,334.
- The total assets and deferred outflows of resources of governmental activities increased by \$3,677,824.
- The City's governmental funds reported total ending fund balance of \$6,465,118 this year. This compares to the prior year ending fund balance of \$5,408,296 showing an increase of \$1,056,822. Approximately 42% of this total, \$2,742,997 is available for spending at the government's discretion.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2,742,997 or 23% of total General Fund expenditures including transfers and 24% of total General Fund revenues including transfers, sale of personal property and proceeds from loans.
- The net pension liability was approximately \$34 million at September 30, 2016, whereas pension expense for 2016 was approximately \$2 million, including Greenwood Utilities balances.



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

**Financial Analysis of the City as a whole**

You will note that the statement of net position looks at the City as a whole. Table 1 provides a summary of the City's net position for 2016 compared to 2015.

**Table 1**  
**Statements of Net Position (in thousands)**

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current & other assets	\$ 13,537	\$ 12,006	\$ 26,471	\$ 28,890	\$ 40,008	\$ 40,896
Capital assets, net	34,357	32,224	108,694	103,796	143,051	136,020
Total Assets	47,894	44,230	135,165	132,686	183,059	176,916
Deferred outflows of resources	2,740	2,727	2,283	1,758	5,023	4,485
Current & other liabilities	1,861	1,323	5,895	8,694	7,756	10,017
Long-term liabilities						
Due within one year	1,192	1,265	1,800	1,103	2,992	2,368
Due in more than one year	29,403	26,651	60,148	56,292	89,551	82,943
Total Liabilities	32,456	29,239	67,843	66,089	100,299	95,328
Deferred inflows of resources	5,359	6,117	271	828	5,630	6,945
Net investment in capital assets	24,289	23,385	60,750	58,587	85,039	81,972
Restricted:						
Capital projects	2,267	2,860	-	-	2,267	2,860
Debt service	1,064	1,136	-	-	1,064	1,136
Community development projects	112	112	-	-	112	112
Other purposes	171	103	-	-	171	103
Unrestricted	(15,084)	(15,995)	8,584	8,940	(6,500)	(7,055)
Total Net Position	\$ 12,819	\$ 11,601	\$ 69,334	\$ 67,527	\$ 82,153	\$ 79,128

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 \$6,682,731. Capital assets increased by \$7,030,644. Net position of the City's governmental activities increased by \$1,218,523.



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

Table 2 provides a summary of the Changes in Net Position government-wide for the year ended September 30, 2016, compared to the year ended September 30, 2015.

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

	<b>Governmental</b>		<b>Business-type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>			
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
<b>Revenues:</b>						
Program revenues						
Charges for services	\$ 1,223	\$ 1,057	\$ 36,317	\$ 36,996	\$ 37,540	\$ 38,053
Operating grants & contributions	342	459	3	397	345	856
Capital grants & contributions	1,968	2,735	2,139	2,253	4,107	4,988
General revenues						
Property taxes	4,845	4,875	-	-	4,845	4,875
Sales taxes	4,445	4,471	-	-	4,445	4,471
Franchise taxes	248	271	-	-	248	271
Investment earnings	6	5	42	33	48	38
Miscellaneous	54	536	-	-	54	536
Gain(loss) on sale/retirement of fixed assets	54	(610)	15	(58)	69	(668)
Grants & contributions not restricted to specific programs	205	203	-	-	205	203
Total revenues	13,390	14,002	38,516	39,621	51,906	53,623
<b>Expenses:</b>						
General government	1,600	1,682	-	-	1,600	1,682
Public safety	7,931	7,977	-	-	7,931	7,977
Public works	2,405	2,255	-	-	2,405	2,255
Health, welfare & sanitation	71	204	-	-	71	204
Culture & recreation	464	573	-	-	464	573
Economic Development	309	270	-	-	309	270
Interest on long-term debt	268	383	-	-	268	383
Miscellaneous appropriations	590	602	-	-	590	602
Industrial development	-	-	-	-	-	-
Sewer	-	-	4,114	2,432	4,114	2,432
Solid waste	-	-	2,265	2,473	2,265	2,473
Unemployment compensation	-	-	11	6	11	6
Electric/water	-	-	28,853	29,536	28,853	29,536
Total expenses	13,638	13,946	35,243	34,447	48,881	48,393
Increase (decrease) in net position before transfers	\$ (248)	\$ 56	\$ 3,273	\$ 5,174	\$ 3,025	\$ 5,230
Transfers	1,466	3,004	(1,466)	(3,004)	-	-
Change in net position	1,218	3,060	1,807	2,170	3,025	5,230
Net Position, October 1 (not restated)	11,601	25,332	67,527	76,551	79,128	101,883
Prior period adjustment	-	(16,791)	-	(11,194)	-	(27,985)
Net Position, October 1 (restated)	11,601	8,541	67,527	65,357	79,128	73,898
Net position - September 30	\$ 12,819	\$ 11,601	\$ 69,334	\$ 67,527	\$ 82,153	\$ 79,128





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

The decrease in net position before transfers for 2016 as compared to 2015 for governmental activities is primarily due to the City of Greenwood receiving a Community and Development Block grant for Milwaukee Electric Tool in 2015 where it did not receive such grant in 2016.

### **Governmental Activities**

Several revenue sources fund our Governmental Activities. Under the accrual basis of accounting, sales taxes accounted for \$4,445,868 or 45% of general revenues less transfers and property taxes accounted for \$4,845,124 or 49% of general revenues less transfers.

Major expense activities, under the accrual basis of accounting, include public safety which accounted for 58% of total governmental activities expenses, public works accounted for 18% 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 \$36,317,045 or 94% of gross revenues with investment earnings, gain on sale of fixed assets, grants and contributions accounting for the remaining 6% of gross revenues.

Major expense activities include electric/water accounting for 82% of total expenses, sewer accounting for 12% and solid waste accounting for 6%.

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

### **The City's Funds**

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

As of the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$6,465,118, an increase of \$1,056,822 in comparison with the prior year. \$2,742,997 constitutes unassigned fund balance that is available for spending at the City's discretion. Of the remaining fund balance, \$2,296,963 is restricted for public safety, \$186,207 is restricted for public works, \$9,348 for economic development & assistance and \$1,064,628 is restricted for debt service. Assigned fund balances are: \$14,149 for culture & recreation, \$38,143 for public safety, \$18,518 for special projects and \$94,165 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 \$13,459,440 and total governmental expenditures were \$16,241,465. Total other financing sources for governmental funds were \$3,838,847.



## City of Greenwood Management's Discussion and Analysis

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$2,742,997 compared to \$3,031,527 in 2015. The General Fund's unassigned fund balance decreased by \$288,530.

### 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 2016, the City amended its general fund budget as needed. Recommendations for a budget amendment originate with the department head, are approved by the Mayor and submitted to the City Clerk to be placed on the agenda for City Council approval. The City does not allow budget changes that modify line items within departments without Council approval. With the General Fund supporting many of our major activities such as police and fire protection, legislative and executive activities, public works and recreational activities, the General Fund is monitored closely looking for possible revenue shortfalls or overspending by individual departments. The General Fund's original budgeted revenues including transfers were \$11,510,738 and final budgeted revenues including transfers and proceeds of loan were \$11,893,352. Actual revenue collections including transfers and proceeds of loan were \$11,385,042 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 \$11,814,908 compared to the final budget amount of \$12,398,842. Actual expenditures including transfers were \$11,602,824 on the budgetary basis.

### Capital Assets and General Long-Term Obligations

#### *Capital Assets*

**Table 3**  
**Capital Assets (Net of Depreciation) at September 30, 2016**  
(amounts expressed in thousands)

	Governmental		Business-type		Total	
	Activities		Activities			
	2016	2015	2016	2015	2016	2015
Land	\$ 3,383	\$ 3,488	601	\$ 451	\$ 3,984	\$ 3,939
Infrastructure	16,574	17,137	58,356	15,750	74,930	32,887
Building & improvements	9,181	9,220	-	-	9,181	9,220
Mobile equipment	1,424	1,429	1,412	1,780	2,836	3,209
Equipment & furniture	344	312	358	224	702	536
Electric and water production plant	-	-	11,548	11,295	11,548	11,295
Electric and water distribution plant	-	-	30,347	30,503	30,347	30,503
Electric and water general plant	-	-	2,192	2,487	2,192	2,487
Construction in progress	3,451	638	3,880	41,306	7,331	41,944
	<u>\$ 34,357</u>	<u>\$ 32,224</u>	<u>\$ 108,694</u>	<u>\$ 103,796</u>	<u>\$ 143,051</u>	<u>\$ 136,020</u>



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

The primary increase to total capital assets was in infrastructure due to the completion of the upgrades to the waste water treatment facility. The waste water treatment was completed in September 2016.

## ***General Long-Term Obligations***

At September 30, 2016, the City of Greenwood had \$6,069,000 in outstanding general obligation bonds, \$1,260,000 in MBIA bonds for Milwaukee Electric Tool, \$44,324,336 in state revolving loans with the Mississippi Department of Environmental Quality, and \$2,125,000 in sewer system refunding bonds. In September 2016, the City issued \$2,000,000 in taxable urban renewal revenue bonds, series 2016. The bond proceeds were used to fund an expansion for Milwaukee Electric Tool. Payment on these bonds will begin in September 2017 and will be paid from monthly rents received from Milwaukee Electric Tool in the amount of \$18,519.

The City's legal debt margin for the issuance of general obligation bonds at September 30, 2015, was \$7,689,252.

Table 4 compares the total outstanding long-term obligations of the City at September 30, 2016 to 2015 amounts.

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

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
General obligation bonds	\$ 6,069	\$ 6,627	\$ -	\$ -	\$ 6,069	\$ 6,627
General obligation bonds-MBIA issue	1,260	1,440	-	-	1,260	1,440
Taxable Urban Renewal Revenue Bonds	2,000	-	-	-	2,000	-
Sewer Revenue Refunding Bonds, Series 2012	-	-	2,125	2,725	2,125	2,725
State revolving loans	-	-	44,325	40,515	44,325	40,515
Capital Improvement Loan	-	-	554	564	554	564
Note Payable	191	-	-	1,409	191	1,409
Compensated absences	300	309	366	366	666	675
Capital leases	521	700	946	-	1,467	700
	<u>\$ 10,341</u>	<u>\$ 9,076</u>	<u>\$ 48,316</u>	<u>\$ 45,579</u>	<u>\$ 58,657</u>	<u>\$ 54,655</u>

The general obligation bonds for the governmental activities are being repaid by an annual debt service tax levy. The general obligation bonds for the MBIA issue are being repaid by Milwaukee Electric Tool Corporation in the form of monthly rents of \$24,864. The taxable urban renewal revenue bonds are being repaid by Milwaukee Electric Tool Corporation in the form of monthly rents of \$25,832.



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

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, paid by the Sewage Enterprise Fund.

The sewer revenue refunding bonds are being repaid through sewer user charges and the Fire Department note payable from the General Fund and Fire Protection Fund.

Additional information on the City of Greenwood's long-term debt can be found in Note 3 on pages 53-62 of this report.

### **Current Financial Related Activities**

The City of Greenwood is financially stable. The City is committed to maintaining that financial stability without substantial tax or fee increases, when possible. The City maintains an excellent system of financial planning, budgeting, and internal financial controls. The City will continue its sound fiscal management in an attempt to meet the challenges of the future where the general outlook for the City's finances is extremely positive as evidenced by the continuous growth in the City.

Milwaukee Electric Tool Corporation continues to grow. This past year alone, the Company has created more than 200 jobs at the Greenwood location and invested more than \$10 million. With the help of the City of Greenwood and the State of Mississippi, the Company acquired an additional 200,000 square feet with plans to finish out the space in the upcoming year. This industry-leading manufacturer of heavy-duty portable electric power tools and accessories now employs nearly 700 people, with more job growth slated for the near future.

Express Grain Terminals has expanded its agricultural product-processing operations in Greenwood, creating 10 new jobs and investing \$2 million. Earlier this year, the company created 55 jobs and invested \$13 million at the former Delta Oil Mill site. Express Grain Terminals' expansion involves the addition of a plant that processes local soybeans into soybean meal and hulls, which are then sold to the state's animal feed markets. Additionally, the plant produces soybean oil, which is sold to edible oil and biodiesel refineries. The Delta Council and the State of Mississippi are very much appreciated for their assistance with this project.

PepsiCo's North America Beverages chose our community as the site for a new 55,000 – square-foot facility, which will warehouse and distribute PepsiCo beverages, including Pepsi and Aquafina. This is a \$5 million project, creating 60 to 80 jobs.

Triangle Chemical is a Georgia-based, full-service wholesale/retail distributor of agricultural chemicals, seed and fertilizer. It provides services to the row-crop, vegetable, tree crop, turf and ornamental industries. The Company expanded its services to our community earlier this year by purchasing 10 acres and constructing a 5,000 square-foot facility in the Greenwood-





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

Leflore Industrial Park. In October 2016, the Company purchased another 10 acres to accommodate its fast growth.

The \$2.7 million Rail Spike Park is now complete as of the date this financial report was available to be issued. The concept of a linear park running along the former Columbus & Greenville Railway bed has been a long time in the making, dating back two mayors ago, but it's going to be a great addition to Greenwood. The 1.5 miles of pathway stretches from Lamar Street to U.S. 82.

Not only did the City of Greenwood grow its existing industry base, but it also managed to recruit new business. As you can see, several positive things are happening in Greenwood with hardly any impact to the City's bottom line. City officials would like to reassure its constituents that City Hall is working hard to make sure Greenwood gets the most out of its dollar and that Greenwood is going to continually strive to maintain its status as a 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.





City of Greenwood, Mississippi  
Statement of Net Position  
September 30, 2016

	Primary Government			Component
	Governmental	Business-type	Total	Units
	Activities	Activities		
<b>ASSETS</b>				
Cash and equivalents	\$ 6,097,150	\$ 3,108,055	\$ 9,205,205	\$ 473,823
Investments	134,366	2,669,883	2,804,249	-
Receivables				
Accounts, net	-	4,109,656	4,109,656	8,889
Property taxes	5,038,882	-	5,038,882	-
Other	107,519	565,769	673,288	148
Internal balances	(54,777)	54,777	-	-
Due from other governmental agencies	2,185,771	55,589	2,241,360	-
Inventories	-	888,736	888,736	-
Prepays	28,717	814,333	843,050	9,101
Other long-term receivables	-	3,652	3,652	-
Restricted assets				
Cash and cash equivalents	-	6,617,241	6,617,241	64,258
Investments	-	7,580,098	7,580,098	-
Interest receivable	-	3,183	3,183	-
Capital assets				
Land	3,382,646	601,020	3,983,666	-
Infrastructure	16,574,490	58,355,560	74,930,050	-
Buildings and improvements	9,180,672	-	9,180,672	52,855
Equipment and furniture	343,820	358,292	702,112	36,923
Mobile equipment	1,424,154	1,412,005	2,836,159	20,278
Library books and materials	-	-	-	132,997
Electric and water production plant	-	11,547,436	11,547,436	-
Electric and water distribution plant	-	30,347,211	30,347,211	-
Electric and water general plant	-	2,192,259	2,192,259	-
Construction in progress	3,451,104	3,880,026	7,331,130	-
Total assets	<u>47,894,514</u>	<u>135,164,781</u>	<u>183,059,295</u>	<u>799,272</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension	2,740,429	2,283,574	5,024,003	112,862
Total deferred outflows of resources	<u>2,740,429</u>	<u>2,283,574</u>	<u>5,024,003</u>	<u>112,862</u>
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	1,700,560	3,603,734	5,304,294	19,634
Due to other governmental agencies	11,199	59,545	70,744	-
Other payables	149,174	2,837	152,011	-
Sales tax payable	-	52,174	52,174	-
Payable from restricted assets				
Revenue bonds payable	-	610,000	610,000	-
Customer deposits	-	1,518,253	1,518,253	-
Unemployment compensation allowance	-	24,000	24,000	-
Group medical insurance claims payable	-	24,650	24,650	-
Long-term liabilities				
Due within one year				
Bonds, capital leases, notes and contracts	865,878	1,635,990	2,501,868	-
Accrued interest	26,558	24,395	50,953	-
Accrued compensated absences	299,544	139,768	439,312	4,691
Due in more than one year				
Accrued compensated absences	-	225,748	225,748	4,690
Bonds, capital leases, notes and contracts	9,175,321	45,702,816	54,878,137	-
Net pension liability	20,228,224	14,219,779	34,448,003	714,500
Total liabilities	<u>32,456,458</u>	<u>67,843,689</u>	<u>100,300,147</u>	<u>743,515</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	4,948,501	-	4,948,501	-
Bond premium	-	29,765	29,765	-
Pension	410,588	241,093	651,681	1,898
Total deferred inflows of resources	<u>5,359,089</u>	<u>270,858</u>	<u>5,629,947</u>	<u>1,898</u>
<b>NET POSITION</b>				
Net investment in capital assets	24,289,129	60,750,372	85,039,501	243,053
Restricted for:				
Capital projects	2,266,703	-	2,266,703	-
Debt service	1,064,629	-	1,064,629	-
Community development projects	112,113	-	112,113	-
Other Purposes	170,740	-	170,740	-
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	-	-	-	43,661
Unrestricted	(15,083,918)	8,583,436	(6,500,482)	(140,584)
Total net position	<u>\$ 12,819,396</u>	<u>\$ 69,333,808</u>	<u>\$ 82,153,204</u>	<u>\$ 166,721</u>

City of Greenwood, Mississippi  
Statement of Activities  
For the Year Ended September 30, 2016

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for</u>	<u>Operating</u>	<u>Capital Grants</u>
		<u>Services</u>	<u>Grants and</u>	<u>and</u>
			<u>Contributions</u>	<u>Contributions</u>
<b>Primary government</b>				
Governmental Activities				
General Government	\$ 1,599,935	\$ 85,051	\$ 11,256	\$ -
Public Safety	7,930,677	342,001	223,378	97,626
Public Works	2,404,877	120,342	46,073	56,842
Health, Welfare and Sanitation	70,590	-	61,400	-
Culture and Recreation	463,830	32,999	-	959,232
Economic Development & Assistance	309,440	113,919	-	853,499
Miscellaneous Appropriations	590,096	-	-	-
Interest on Long-term debt	268,282	528,367	-	-
Total governmental activities	<u>13,637,727</u>	<u>1,222,679</u>	<u>342,107</u>	<u>1,967,199</u>
Business-type activities				
Sewer	4,113,974	4,377,478	-	2,136,187
Solid Waste	2,265,518	1,909,134	2,963	3,108
Unemployment Compensation	10,842	-	-	-
Electric/Water	28,853,815	30,030,433	-	-
Total business-type activities	<u>35,244,149</u>	<u>36,317,045</u>	<u>2,963</u>	<u>2,139,295</u>
Total primary government	<u>\$ 48,881,876</u>	<u>\$ 37,539,724</u>	<u>\$ 345,070</u>	<u>\$ 4,106,494</u>
<b>Component Units</b>				
Tourism Commission	\$ 433,730	\$ -	\$ 8,500	\$ -
Public Library	610,968	16,241	133,312	-
Total component units	<u>\$ 1,044,698</u>	<u>\$ 16,241</u>	<u>\$ 141,812</u>	<u>\$ -</u>

**General revenues:**

Taxes:

Property taxes, levied for general purposes  
Property taxes, levied for specific purposes  
Franchise taxes  
Sales taxes  
Tourism sales tax  
Payments from the city and county  
Grants and contributions not restricted to specific programs  
Unrestricted investment earnings  
Miscellaneous  
Gain (Loss) on disposal and sale of assets  
Transfers  
Total general revenues and transfers

Change in net position

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

City of Greenwood, Mississippi  
Statement of Activities  
For the Year Ended September 30, 2016

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for</u>	<u>Operating</u>	<u>Capital Grants</u>
		<u>Services</u>	<u>Grants and</u>	<u>and</u>
			<u>Contributions</u>	<u>Contributions</u>
<b>Primary government</b>				
Governmental Activities				
General Government	\$ 1,599,935	\$ 85,051	\$ 11,256	\$ -
Public Safety	7,930,677	342,001	223,378	97,626
Public Works	2,404,877	120,342	46,073	56,842
Health, Welfare and Sanitation	70,590	-	61,400	-
Culture and Recreation	463,830	32,999	-	959,232
Economic Development & Assistance	309,440	113,919	-	853,499
Miscellaneous Appropriations	590,096	-	-	-
Interest on Long-term debt	268,282	528,367	-	-
Total governmental activities	<u>13,637,727</u>	<u>1,222,679</u>	<u>342,107</u>	<u>1,967,199</u>
Business-type activities				
Sewer	4,113,974	4,377,478	-	2,136,187
Solid Waste	2,265,518	1,909,134	2,963	3,108
Unemployment Compensation	10,842	-	-	-
Electric/Water	28,853,815	30,030,433	-	-
Total business-type activities	<u>35,244,149</u>	<u>36,317,045</u>	<u>2,963</u>	<u>2,139,295</u>
Total primary government	<u>\$ 48,881,876</u>	<u>\$ 37,539,724</u>	<u>\$ 345,070</u>	<u>\$ 4,106,494</u>
<b>Component Units</b>				
Tourism Commission	\$ 433,730	\$ -	\$ 8,500	\$ -
Public Library	610,968	16,241	133,312	-
Total component units	<u>\$ 1,044,698</u>	<u>\$ 16,241</u>	<u>\$ 141,812</u>	<u>\$ -</u>

**General revenues:**

**Taxes:**

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

Payments from the city and county

Grants and contributions not restricted to specific programs

Unrestricted investment earnings

Miscellaneous

Gain (Loss) on disposal and sale of assets

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning, as previously reported

Prior period adjustments

Net position - beginning, as restated

Net position - ending



**FINANCIAL STATEMENTS**





Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (1,503,628)		\$ (1,503,628)	
(7,267,672)		(7,267,672)	
(2,181,620)		(2,181,620)	
(9,190)		(9,190)	
528,401		528,401	
657,978		657,978	
(590,096)		(590,096)	
260,085		260,085	
<u>(10,105,742)</u>		<u>(10,105,742)</u>	
	\$ 2,399,691	2,399,691	
	(350,313)	(350,313)	
	(10,842)	(10,842)	
	1,176,618	1,176,618	
	<u>3,215,154</u>	<u>3,215,154</u>	
<u>(10,105,742)</u>	<u>3,215,154</u>	<u>(6,890,588)</u>	
			\$ (425,230)
			<u>(461,415)</u>
			<u>(886,645)</u>
4,416,216	-	4,416,216	-
428,908	-	428,908	-
248,401	-	248,401	-
4,445,868	-	4,445,868	-
-	-	-	430,350
-	-	-	384,880
205,548	-	205,548	4,750
6,207	42,156	48,363	1,636
53,820	20	53,840	8,801
53,621	15,157	68,778	-
1,465,676	(1,465,676)	-	-
<u>11,324,265</u>	<u>(1,408,343)</u>	<u>9,915,922</u>	<u>830,417</u>
<u>1,218,523</u>	<u>1,806,811</u>	<u>3,025,334</u>	<u>(56,228)</u>
11,600,873	67,526,997	79,127,870	72,538
-	-	-	150,411
<u>11,600,873</u>	<u>67,526,997</u>	<u>79,127,870</u>	<u>222,949</u>
<u>\$ 12,819,396</u>	<u>\$ 69,333,808</u>	<u>\$ 82,153,204</u>	<u>\$ 166,721</u>

See accompanying notes to the financial statements.



**City of Greenwood, Mississippi**  
**Balance Sheet**  
**Governmental Funds**  
**September 30, 2016**

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,158,536	\$ 4,554,862	\$ 5,713,398
Investments	134,366	-	134,366
Property taxes receivable, net	4,401,185	637,697	5,038,882
Other receivables	56,556	23,500	80,056
Intergovernmental receivables	771,705	1,414,066	2,185,771
Due from other funds	1,119,919	49,266	1,169,185
Total assets	<u>\$ 7,642,267</u>	<u>\$ 6,679,391</u>	<u>\$ 14,321,658</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 273,272	\$ 1,242,942	\$ 1,516,214
Due to other funds	86,862	1,080,883	1,167,745
Other accrued expenses	184,346	-	184,346
Other payables	34,760	4,974	39,734
Total liabilities	<u>579,240</u>	<u>2,328,799</u>	<u>2,908,039</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - property taxes	<u>4,320,030</u>	<u>628,471</u>	<u>4,948,501</u>
<b>FUND BALANCES</b>			
Restricted	-	3,557,146	3,557,146
Assigned	-	164,975	164,975
Unassigned	2,742,997	-	2,742,997
Total fund balances	<u>2,742,997</u>	<u>3,722,121</u>	<u>6,465,118</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 7,642,267</u>	<u>\$ 6,679,391</u>	<u>\$ 14,321,658</u>



**City of Greenwood, Mississippi**  
**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net**  
**Position**  
**September 30, 2016**

Total fund balance, governmental funds	\$ 6,465,118
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	34,356,886
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
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	234,359
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	(10,367,301)
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	(20,228,224)
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	2,740,429
Deferred inflows of resources related to pensions	(410,588)
Net Position of Governmental Activities in the Statement of Net Position	<u>\$ 12,819,396</u>

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, 2016**

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>			
Property taxes	\$ 4,416,216	\$ 428,908	\$ 4,845,124
General sales tax	4,445,868	-	4,445,868
Fees and fines	242,179	19,411	261,590
Licenses and permits	477,723	-	477,723
Intergovernmental	333,887	2,307,886	2,641,773
Charges for services	21,294	-	21,294
Investment earnings	1,240	4,396	5,636
Miscellaneous	46,731	713,701	760,432
Total revenues	<u>9,985,138</u>	<u>3,474,302</u>	<u>13,459,440</u>
<b>EXPENDITURES</b>			
Current:			
General government	1,692,770	18,073	1,710,843
Public safety	7,003,354	374,117	7,377,471
Public works	1,440,125	90,624	1,530,749
Health and welfare	-	9,190	9,190
Culture and recreation	360,647	46,988	407,635
Miscellaneous appropriations	566,043	30,053	596,096
HOME expenditures	-	61,400	61,400
Economic development and assistance	-	24,385	24,385
Debt Service:			
Principal	112,756	803,661	916,417
Interest and other charges	14,317	253,967	268,284
Capital Outlay	295,733	3,043,262	3,338,995
Total Expenditures	<u>11,485,745</u>	<u>4,755,720</u>	<u>16,241,465</u>
Excess (deficiency) of revenues over expenditures	<u>(1,500,607)</u>	<u>(1,281,418)</u>	<u>(2,782,025)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from loans	191,059	2,000,000	2,191,059
Sale of personal property	4,612	-	4,612
Sale of land	-	177,500	177,500
Transfers in	1,287,407	1,051,091	2,338,498
Transfers out	(271,010)	(601,812)	(872,822)
Total other financing sources and uses	<u>1,212,068</u>	<u>2,626,779</u>	<u>3,838,847</u>
Net change in fund balances	(288,539)	1,345,361	1,056,822
Fund balances - beginning	3,031,536	2,376,760	5,408,296
Fund balances - ending	<u>\$ 2,742,997</u>	<u>\$ 3,722,121</u>	<u>\$ 6,465,118</u>





**City of Greenwood, Mississippi**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of**  
**Governmental Funds to the Statement of Activities**  
**For the Year Ended September 30, 2016**

Net change in fund balances - total governmental funds: \$ 1,056,822

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 \$3,338,995 exceeded depreciation \$1,077,947 in the current period. 2,261,048

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. (128,491)

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. (123,061)

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. (1,274,642)

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 46,458

Accrued compensated absences not reflected in the Governmental funds 9,808

The Statement of Activities reports pension expenditures and other activity related to the net pension liability (640,602)

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. 11,183

Change in net position of governmental activities \$ 1,218,523

City of Greenwood, Mississippi  
Budget and Actual (with Variances)  
General Fund  
For the year ended September 30, 2016

	Budgeted Amounts		Actual Amounts, Budgetary Basis (See Note A)	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 4,457,878	\$ 4,467,078	\$ 4,425,902	\$ (41,176)
Fees and fines	379,000	379,000	242,179	(136,821)
Licenses and permits	403,500	463,500	438,943	(24,557)
Intergovernmental	4,832,000	4,832,000	4,742,388	(89,612)
Charges for services	20,660	20,660	21,294	634
Investment earnings	4,000	4,000	1,240	(2,760)
Miscellaneous	124,700	140,500	46,029	(94,471)
Total revenues	10,221,738	10,306,738	9,917,975	(388,763)
<b>EXPENDITURES</b>				
General government				
Supervision and finance				
Personal services	600,882	588,089	582,858	5,231
Supplies	8,800	9,839	7,757	2,082
Other services and charges	300,425	424,318	406,340	17,978
Capital outlay	-	2,736	2,736	-
City clerk's office				
Personal services	205,919	202,427	195,336	7,091
Supplies	10,600	11,100	7,865	3,235
Other services and charges	41,550	44,542	39,570	4,972
Capital outlay	-	-	-	-
City hall building maintenance				
Supplies	17,200	16,083	15,072	1,011
Other services and charges	245,350	275,200	264,922	10,278
Capital outlay	-	3,432	144	3,288
Personnel office				
Personal services	111,836	113,336	112,563	773
Supplies	2,400	2,400	1,049	1,351
Other services and charges	9,878	8,378	3,589	4,789
Capital outlay	-	-	-	-
Public safety				
Police department				
Personal services	3,403,101	3,361,101	3,232,189	128,912
Supplies	226,500	245,900	211,166	34,734
Other services and charges	458,900	472,384	416,211	56,173
Capital outlay	15,000	35,500	25,982	9,518
Debt service	51,500	51,500	51,499	1
Municipal court				
Personal services	113,523	113,523	109,957	3,566
Supplies	4,441	4,441	2,423	2,018
Other services and charges	16,025	16,025	15,318	707
Fire department				
Personal services	2,622,790	2,456,790	2,331,056	125,734
Supplies	108,100	133,100	120,695	12,405
Other services and charges	134,700	162,468	130,385	32,083
Capital outlay	33,500	276,159	267,946	8,213
Debt service	76,000	112,400	112,337	63
Inspection division				
Personal services	219,028	219,528	216,041	3,487
Supplies	8,950	10,178	6,579	3,599
Other services and charges	11,550	12,092	7,408	4,684
Capital outlay	1,000	301	-	301
Debt service	-	-	-	-
Public works				
Engineering division				
Personal services	104,299	104,299	102,446	1,853
Supplies	37,750	30,200	28,166	2,034
Other services and charges	12,400	19,074	16,100	2,974
Capital outlay	500	3,450	3,419	31
Debt service	-	-	-	-
Street division				
Personal services	490,679	474,679	435,351	39,328
Supplies	232,865	209,551	178,386	31,165
Other services and charges	392,000	445,701	406,502	39,199
Capital outlay	2,000	147,471	146,764	707
Debt service	-	-	-	-

	Budgeted Amounts		Actual Amounts, Budgetary Basis (See Note A)	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>EXPENDITURES (Continued)</b>				
Equipment maintenance division				
Personal services	221,468	221,468	197,726	23,742
Supplies	29,890	29,890	22,546	7,344
Other services and charges	32,555	34,840	19,146	15,694
Capital outlay	500	-	-	-
Debt service	-	-	-	-
Inventory control division				
Personal services	-	-	(31)	31
Supplies	11,900	12,750	12,293	457
Other services and charges	651	358	357	1
Capital outlay	200	-	-	-
Debt service	-	-	-	-
Culture and recreation				
Park division recreation				
Personal services	8,850	8,850	3,989	4,861
Supplies	12,500	7,500	7,430	70
Other services and charges	6,000	1,756	1,756	-
Capital outlay	210	-	-	-
Park division maintenance				
Personal services	301,291	290,291	224,414	65,877
Supplies	54,500	66,523	60,160	6,363
Other services and charges	44,372	54,940	49,056	5,884
Capital outlay	1,030	28,141	27,956	185
Debt service	-	-	-	-
Senior citizens center				
Supplies	4,300	4,200	3,898	302
Other services and charges	4,400	6,500	5,537	963
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	9,000	9,000	9,000	-
Greenwood Mentoring Group	5,000	5,000	5,000	-
Armory	8,000	8,000	4,254	3,746
Library	214,737	219,736	213,007	6,729
Industrial Board	108,000	108,000	90,993	17,007
Humane Society	6,500	6,500	6,500	-
Chamber of Commerce-Christmas decorations	12,500	12,500	12,500	-
Cemetery	10,000	10,000	9,190	810
Red Cross	3,500	3,500	3,500	-
Other Utility Appropriations	39,000	39,000	12,676	26,324
Airport	110,000	110,001	110,000	1
Drug Court	2,500	2,500	-	2,500
Fannie Lou Hammer	5,000	5,000	5,000	-
Community Kitchen	5,000	5,000	5,000	-
Chamber Centennial	-	10,000	10,000	-
Community Band	1,000	1,000	-	1,000
Teach for America	5,000	-	-	-
Chamber of Commerce-Fourth of July	7,500	7,500	7,500	-
Cottonlandia	15,000	15,000	15,000	-
Total Expenditures	11,689,908	12,221,052	11,425,593	795,459
Excess (deficiency) of revenues over expenditures	(1,468,170)	(1,914,314)	(1,507,618)	406,696
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,289,000	1,395,855	1,276,308	(119,547)
Transfers out	(125,000)	(177,790)	(177,231)	559
Proceeds of capital leases	-	190,759	190,759	-
Total other financing sources (uses)	1,164,000	1,408,824	1,289,836	(118,988)
Net change in fund balances	(304,170)	(505,490)	(217,782)	287,708
Budgetary fund balance - beginning	1,742,297	505,490	(197,768)	(703,258)
Budgetary fund balance - ending	\$ 1,438,127	\$ -	\$ (415,550)	\$ (415,550)



City of Greenwood, Mississippi  
Note A to Budgetary Comparison Schedule  
General Fund  
For the year ended September 30, 2016

**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	\$ 9,917,975
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	(9,686)
Amount due to the state for sales tax at year end is revenue for financial reporting purposes	36,692
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	38,780
Reclass funds received from paving the Emerson/Nicholson Alley initially recorded to fund balance	5,314
Proceeds for sale of personal property reported as other financing sources on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>(4,612)</u>

Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 9,985,138</u>
The proceeds from the sale of personal property are budgetary resources but are regarded	

**Uses/outflows of resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 11,425,593
Differences - budget to GAAP:	
The City does not record accrued salaries for budgetary reporting purposes, only for the modified accrual basis	71,328
The City did not record the loan fee on new loan from Bank of Commerce	300
The City made a lease payment out of the General Fund for budgetary basis. This amount was reclassified to the correct fund for modified accrual basis.	(36,763)
The City did not record free in-kind services from Greenwood Utilities to the City on the budgetary basis. This amount was recorded for the modified accrual basis	3,692
The City reversed a prior year payable on the modified accrual basis but not for the budgetary basis	(23,220)
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	46,598
The City did not record a vehicle transferred from the Sewage Enterprise Fund to the Parks Department on the budgetary basis. This amount was recorded for the modified accrual basis.	7,407
The City recorded the cemetery appropriation as an appropriation in the budgetary process, but for the modified accrual basis, the appropriation was an operating transfer to the cemetery fund	<u>(9,190)</u>

Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 11,485,745</u>
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City of Greenwood, Mississippi  
Statement of Net Position  
Proprietary Funds  
September 30, 2016

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Sewage Enterprise Fund	Greenwood Utilities Fund	Other Enterprise Funds	Total	
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 481,991	\$ 2,462,741	\$ 163,323	\$ 3,108,055	\$ 383,764
Investments	-	2,669,883	-	2,669,883	-
Accounts receivable, net	-	4,109,656	-	4,109,656	27,463
Due from other funds	952,901	126,340	280,306	1,359,547	-
Due from other governments	-	55,589	-	55,589	-
Other receivables	800	564,969	-	565,769	-
Inventories	-	888,736	-	888,736	-
Prepaid expenses	17,230	785,616	11,487	814,333	-
Total current assets	1,452,922	11,663,530	455,116	13,571,568	411,227
Non-current assets:					
Other long-term receivables	-	3,652	-	3,652	-
Restricted Assets:					
Cash and cash equivalents	6,286,324	330,917	-	6,617,241	-
Investments	-	7,580,098	-	7,580,098	-
Interest receivable	-	3,183	-	3,183	-
Capital Assets:					
Land and improvements	81,500	519,520	-	601,020	-
Electric and water production plant	-	11,547,436	-	11,547,436	-
Electric and water distribution plant	-	30,347,211	-	30,347,211	-
Electric and water general plant	-	2,192,259	-	2,192,259	-
Infrastructure	65,909,179	-	-	65,909,179	-
Construction in progress	23,980	3,856,046	-	3,880,026	-
Buildings	-	-	-	-	-
Mobile equipment	629,181	-	2,579,527	3,208,708	-
Other equipment and furniture	322,459	-	310,540	632,999	-
Less: Accumulated depreciation	(8,182,088)	-	(1,442,941)	(9,625,029)	-
Total non-current assets	65,070,535	56,380,322	1,447,126	122,897,983	-
Total assets	66,523,457	68,043,852	1,902,242	136,469,551	411,227
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pension	240,242	1,756,396	286,936	2,283,574	-
Total deferred outflows of resources	240,242	1,756,396	286,936	2,283,574	-
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts payable	321,992	3,139,667	104,628	3,566,287	109,440
Salaries payable	15,199	692	21,556	37,447	-
Accrued interest payable	24,395	-	-	24,395	-
Due to other funds	31,531	1,329,456	-	1,360,987	-
Payable to other governments	-	59,545	-	59,545	-
Sales tax payable	-	52,174	-	52,174	-
Other payables	-	2,836	-	2,836	-
Accrued compensated absences	28,930	73,517	37,321	139,768	-
Unearned grant revenue	-	-	-	-	-
Notes payable	-	-	329,464	329,464	-
State revolving loans payable	1,276,660	29,866	-	1,306,526	-
Total current liabilities	1,698,707	4,687,753	492,969	6,879,429	109,440
Current Liabilities Payable from Restricted Assets:					
Revenue bonds payable	610,000	-	-	610,000	-
Customer deposits	-	1,518,253	-	1,518,253	-
Unemployment compensation allowance	-	24,000	-	24,000	-
Group medical ins claims payable	-	24,650	-	24,650	-
Total current liabilities payable from restricted assets	610,000	1,566,903	-	2,176,903	-
Non-current liabilities:					
Accrued compensated absences	-	225,748	-	225,748	-
Notes payable	-	-	616,038	616,038	-
Revenue bonds	1,515,000	-	-	1,515,000	-
State revolving loans payable	42,529,523	1,042,255	-	43,571,778	-
Net pension liability	1,474,992	10,983,115	1,761,672	14,219,779	-
Total non-current liabilities	45,519,515	12,251,118	2,377,710	60,148,343	-
Total liabilities	47,828,222	18,505,774	2,870,679	69,204,675	109,440
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Bond premium	29,765	-	-	29,765	-
Pension	39,199	155,074	46,820	241,093	-
Total deferred inflows of resources	68,964	155,074	46,820	270,858	-
<b>NET POSITION</b>					
Net investment in capital assets	12,858,398	46,305,199	501,624	59,665,221	-
Unrestricted	6,008,115	4,834,201	(1,229,945)	9,612,371	301,787
Total net position	\$ 18,866,513	\$ 51,139,400	\$ (728,321)	\$ 69,277,592	\$ 301,787

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City of Greenwood, Mississippi  
Statement of Revenues, Expenses and Changes in Fund Net Position  
Proprietary Funds  
For the Year Ended September 30, 2016

	<u>Business-type Activities - Enterprise Funds</u>				<u>Governmental Activities - Internal Service Fund</u>
	<u>Sewage Enterprise Fund</u>	<u>Greenwood Utilities Fund</u>	<u>Other Enterprise Funds</u>	<u>Total</u>	
<b>OPERATING REVENUES</b>					
Charges for services	\$ 4,145,594	\$ 29,613,455	\$ 1,872,324	\$ 35,631,373	\$ 1,205,063
Reinsurance funds	-	-	-	-	63,432
Miscellaneous	231,884	416,978	38,998	687,860	-
Total operating revenues	<u>4,377,478</u>	<u>30,030,433</u>	<u>1,911,322</u>	<u>36,319,233</u>	<u>1,268,495</u>
<b>OPERATING EXPENSES</b>					
Personal services	821,649	-	1,079,882	1,901,531	-
Contractual services	686,631	-	642,293	1,328,924	-
Other supplies and expenses	169,981	-	125,564	295,545	-
Repairs and maintenance	-	-	12,429	12,429	-
Insurance claims and expenses	-	-	-	-	1,254,620
Generating expenses	-	18,423,380	-	18,423,380	-
Distribution expenses	-	1,885,812	-	1,885,812	-
General and administrative expenses	-	4,270,123	-	4,270,123	-
Customer account expenses	-	420,897	-	420,897	-
Production expenses	-	478,310	-	478,310	-
Sales expenses	-	15,811	-	15,811	-
Meter reading	-	381,041	-	381,041	-
Depreciation	2,261,228	2,752,323	401,131	5,414,682	-
Total operating expenses	<u>3,939,489</u>	<u>28,627,697</u>	<u>2,261,299</u>	<u>34,828,485</u>	<u>1,254,620</u>
Operating income (loss)	<u>437,989</u>	<u>1,402,736</u>	<u>(349,977)</u>	<u>1,490,748</u>	<u>13,875</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Interest and investment revenue	7,406	34,696	54	42,156	571
Interest expense	(180,797)	-	(16,632)	(197,429)	-
Amortization of bond premium(discount)	5,176	-	-	5,176	-
Expenses paid for the city	-	(30,974)	-	(30,974)	-
Utility appropriations to Greenwood Public Schools	-	(150,644)	-	(150,644)	-
Utility appropriations to Greenwood-Leflore Industrial Board and others	-	(44,500)	-	(44,500)	-
Gain (loss) on disposal and sale of equipment	-	15,157	-	15,157	-
Miscellaneous revenue	-	-	-	-	-
Total non-operating revenue (expenses)	<u>(168,215)</u>	<u>(176,265)</u>	<u>(16,578)</u>	<u>(361,058)</u>	<u>571</u>
Income (loss) before contributions and transfers	269,774	1,226,471	(366,555)	1,129,690	14,446
Capital & operating grants and contributions	2,136,187	-	3,903	2,140,090	-
Transfers in	475,740	-	572,697	1,048,437	-
Transfers out	(585,389)	(1,865,624)	(63,100)	(2,514,113)	-
Change in net position	<u>2,296,312</u>	<u>(639,153)</u>	<u>146,945</u>	<u>1,804,104</u>	<u>14,446</u>
Total net position - beginning	<u>16,570,201</u>	<u>51,778,553</u>	<u>(875,266)</u>	<u>67,473,488</u>	<u>287,341</u>
Total net position - ending	<u>\$ 18,866,513</u>	<u>\$ 51,139,400</u>	<u>\$ (728,321)</u>	<u>\$ 69,277,592</u>	<u>\$ 301,787</u>

Change in net position, per above \$ 1,804,104

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.

2,707

Change in Business-Type Activities in Net Position per Government-Wide Financial Statements \$ 1,806,811



City of Greenwood, Mississippi  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended September 30, 2016

	<u>Business-type Activities - Enterprise Funds</u>				<u>Governmental Activities - Internal Service Fund</u>
	<u>Sewage Enterprise Fund</u>	<u>Greenwood Utilities Fund</u>	<u>Other Enterprise Funds</u>	<u>Total</u>	
<b>Cash flows from operating activities</b>					
Receipts from customers and users	\$ 5,059,226	\$ 28,163,363	\$ 1,745,929	\$ 34,968,518	\$ -
Receipts from Greenwood Public Schools	-	710,418	-	710,418	-
Receipts from the Greenwood-Leflore Industrial Board and other agencies	-	212,505	-	212,505	-
Receipts from governmental funds	-	272,048	-	272,048	-
Payments for interfund services provided	(31,792)	-	-	(31,792)	1,205,064
Receipts from governments	5,056	-	396,737	401,793	52,370
Receipts for sewer & solid waste collections for others	-	5,537,503	-	5,537,503	-
Receipts from customer meter deposits	-	427,694	-	427,694	-
Receipts from other revenue	244,484	187,288	38,998	470,770	-
Payments for claims	-	-	(10,842)	(10,842)	(1,237,637)
Payments to governmental funds	-	-	(401,075)	(401,075)	-
Payments to suppliers for goods and services	(3,004,690)	(21,563,672)	(769,006)	(25,337,368)	-
Payments to employees	(740,502)	(3,306,928)	(960,175)	(5,007,605)	-
Payments for sewer and solid waste collections for others	-	(4,982,271)	-	(4,982,271)	-
Payments for customer meter deposit refunds	-	(99,994)	-	(99,994)	-
Net cash provided by (used for) operating activities	<u>1,531,782</u>	<u>5,557,954</u>	<u>40,566</u>	<u>7,130,302</u>	<u>19,797</u>
<b>Cash flows from noncapital financing activities</b>					
Transfers from governmental funds	475,740	-	572,697	1,048,437	-
Transfers to governmental funds	(585,389)	(1,896,598)	(63,100)	(2,545,087)	-
Net cash provided by (used for) noncapital financing activities	<u>(109,649)</u>	<u>(1,896,598)</u>	<u>509,597</u>	<u>(1,496,650)</u>	<u>-</u>
<b>Cash flows from capital and related financing activities</b>					
Acquisition and construction of capital assets	(4,474,705)	(5,879,634)	-	(10,354,339)	-
Transfer of fixed asset to governmental funds	7,413	-	-	7,413	-
Proceeds from sales of capital assets/scrap metal	-	49,315	-	49,315	-
Capital & operating grants & contributions received	325,439	-	3,903	329,342	-
Loan proceeds	3,212,978	979,497	-	4,192,475	-
Principal paid on capital debt	(993,393)	-	(463,622)	(1,457,015)	-
Interest paid on capital debt	(186,318)	-	(16,632)	(202,950)	-
Net cash provided (used) for capital and related financing activities	<u>(2,108,586)</u>	<u>(4,850,822)</u>	<u>(476,351)</u>	<u>(7,435,759)</u>	<u>-</u>
<b>Cash flows provided by (used for) investing activities</b>					
Purchase of investment securities	-	(10,249,981)	-	(10,249,981)	-
Proceeds from sale and maturities of investment securities	-	10,000,000	-	10,000,000	-
Interest on investments	7,406	34,696	54	42,156	571
Net cash provided by (used for) investing activities	<u>7,406</u>	<u>(215,285)</u>	<u>54</u>	<u>(207,825)</u>	<u>571</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>(679,047)</u>	<u>(1,404,751)</u>	<u>73,866</u>	<u>(2,009,932)</u>	<u>20,368</u>
Cash and cash equivalents at beginning of year	<u>7,447,362</u>	<u>4,198,409</u>	<u>89,457</u>	<u>11,735,228</u>	<u>363,396</u>
<b>Cash and cash equivalents at end of year</b>	<u>\$ 6,768,315</u>	<u>\$ 2,793,658</u>	<u>\$ 163,323</u>	<u>\$ 9,725,296</u>	<u>\$ 383,764</u>

City of Greenwood, Mississippi  
Statement of Revenues, Expenses and Changes in Fund Net Position  
Proprietary Funds  
For the Year Ended September 30, 2016

	<u>Business-type Activities - Enterprise Funds</u>				<u>Governmental Activities - Internal Service Fund</u>
	<u>Sewage Enterprise Fund</u>	<u>Greenwood Utilities Fund</u>	<u>Other Enterprise Funds</u>	<u>Total</u>	
<b>OPERATING REVENUES</b>					
Charges for services	\$ 4,145,594	\$ 29,613,455	\$ 1,872,324	\$ 35,631,373	\$ 1,205,063
Reinsurance funds	-	-	-	-	63,432
Miscellaneous	231,884	416,978	38,998	687,860	-
Total operating revenues	<u>4,377,478</u>	<u>30,030,433</u>	<u>1,911,322</u>	<u>36,319,233</u>	<u>1,268,495</u>
<b>OPERATING EXPENSES</b>					
Personal services	821,649	-	1,079,882	1,901,531	-
Contractual services	686,631	-	642,293	1,328,924	-
Other supplies and expenses	169,981	-	125,564	295,545	-
Repairs and maintenance	-	-	12,429	12,429	-
Insurance claims and expenses	-	-	-	-	1,254,620
Generating expenses	-	18,423,380	-	18,423,380	-
Distribution expenses	-	1,885,812	-	1,885,812	-
General and administrative expenses	-	4,270,123	-	4,270,123	-
Customer account expenses	-	420,897	-	420,897	-
Production expenses	-	478,310	-	478,310	-
Sales expenses	-	15,811	-	15,811	-
Meter reading	-	381,041	-	381,041	-
Depreciation	2,261,228	2,752,323	401,131	5,414,682	-
Total operating expenses	<u>3,939,489</u>	<u>28,627,697</u>	<u>2,261,299</u>	<u>34,828,485</u>	<u>1,254,620</u>
Operating income (loss)	<u>437,989</u>	<u>1,402,736</u>	<u>(349,977)</u>	<u>1,490,748</u>	<u>13,875</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Interest and investment revenue	7,406	34,696	54	42,156	571
Interest expense	(180,797)	-	(16,632)	(197,429)	-
Amortization of bond premium(discount)	5,176	-	-	5,176	-
Expenses paid for the city	-	(30,974)	-	(30,974)	-
Utility appropriations to Greenwood Public Schools	-	(150,644)	-	(150,644)	-
Utility appropriations to Greenwood-Leflore Industrial Board and others	-	(44,500)	-	(44,500)	-
Gain (loss) on disposal and sale of equipment	-	15,157	-	15,157	-
Miscellaneous revenue	-	-	-	-	-
Total non-operating revenue (expenses)	<u>(168,215)</u>	<u>(176,265)</u>	<u>(16,578)</u>	<u>(361,058)</u>	<u>571</u>
Income (loss) before contributions and transfers	269,774	1,226,471	(366,555)	1,129,690	14,446
Capital & operating grants and contributions	2,136,187	-	3,903	2,140,090	-
Transfers in	475,740	-	572,697	1,048,437	-
Transfers out	(585,389)	(1,865,624)	(63,100)	(2,514,113)	-
Change in net position	<u>2,296,312</u>	<u>(639,153)</u>	<u>146,945</u>	<u>1,804,104</u>	<u>14,446</u>
Total net position - beginning	<u>16,570,201</u>	<u>51,778,553</u>	<u>(875,266)</u>	<u>67,473,488</u>	<u>287,341</u>
Total net position - ending	<u>\$ 18,866,513</u>	<u>\$ 51,139,400</u>	<u>\$ (728,321)</u>	<u>\$ 69,277,592</u>	<u>\$ 301,787</u>

Change in net position, per above \$ 1,804,104

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.

2,707

Change in Business-Type Activities in Net Position per Government-Wide Financial Statements \$ 1,806,811

	<u>Sewage Enterprise Fund</u>	<u>Greenwood Utilities Fund</u>	<u>Other Enterprise Funds</u>	<u>Total</u>	<u>Governmental Activities - Internal Service Fund</u>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>					
Operating income (loss)	\$ 437,989	\$ 1,402,736	\$ (349,977)	\$ 1,490,748	\$ 13,875
<b>Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:</b>					
Depreciation expense	2,261,228	2,752,323	401,131	5,414,682	-
Provision for bad debts	-	127,483	-	127,483	-
Utility appropriations to the Greenwood Public School District	-	(150,644)	-	(150,644)	-
Utility appropriations to other agencies	-	(44,500)	-	(44,500)	-
(Increase) decrease in accounts receivables, net	-	(253,545)	-	(253,545)	(11,061)
(Increase) decrease in due from other governments	5,056	48,984	396,737	450,777	-
(Increase) decrease in due from other funds	913,632	11,022	(126,395)	798,259	-
(Increase) decrease in other receivables	12,600	(223,620)	-	(211,020)	-
(Increase) decrease in inventories	-	36,537	-	36,537	-
(Increase) decrease in prepaid expenses	-	(548,778)	-	(548,778)	-
(Increase) decrease in restricted group medical insurance claims receivable	-	135,648	-	135,648	-
Increase (decrease) in accounts payable	(2,148,078)	838,127	11,280	(1,298,671)	16,983
Increase (decrease) in accrued salaries & benefits payable	2,513	(38,454)	7,297	(28,644)	-
Increase (decrease) in customer deposits	-	327,700	-	327,700	-
Increase (decrease) in accrued compensated absences	(3,600)	-	3,352	(248)	-
Increase (decrease) in due to other funds	(31,792)	(25,512)	(401,075)	(458,379)	-
Increase (decrease) in due to other governments	-	10,573	-	10,573	-
Increase (decrease) in sewer and solid waste collected for the city	-	570,171	-	570,171	-
Increase (decrease) in other payables	-	1,496	-	1,496	-
Increase (decrease) in sales tax payable	-	9	-	9	-
Increase (decrease) in restricted medical insurance claims payable	-	4,472	-	4,472	-
Increase (decrease) in net pension liability	82,234	575,726	98,216	756,176	-
Total adjustments	1,093,793	4,155,218	390,543	5,639,554	5,922
<b>Net cash provided by operating activities</b>	<u>\$ 1,531,782</u>	<u>\$ 5,557,954</u>	<u>\$ 40,566</u>	<u>\$ 7,130,302</u>	<u>\$ 19,797</u>

**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	\$ 481,991	\$ 2,462,741	\$ 163,323	\$ 3,108,055	\$ 383,764
Restricted assets - cash and cash investments	6,286,324	330,917	-	6,617,241	-
<b>Total cash and cash investments</b>	<u>\$ 6,768,315</u>	<u>\$ 2,793,658</u>	<u>\$ 163,323</u>	<u>\$ 9,725,296</u>	<u>\$ 383,764</u>



City of Greenwood, Mississippi  
Statement of Fiduciary Net Position  
Fiduciary Funds  
September 30, 2016

	<u>AGENCY FUNDS</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 817,635
Property taxes receivable	<u>6,424,490</u>
Total assets	<u><u>\$ 7,242,125</u></u>
<b>LIABILITIES</b>	
Due to other governments	\$ 580,410
Accrued payroll taxes and benefits payable	233,625
Unavailable revenue - property taxes	6,424,490
Other liabilities	<u>3,600</u>
Total liabilities	<u><u>\$ 7,242,125</u></u>





## CITY OF GREENWOOD, MISSISSIPPI

### Notes to Financial Statements

September 30, 2016

#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### A. GENERAL STATEMENT

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

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

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

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

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

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

##### *Blended Component Unit:*

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

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



## **CITY OF GREENWOOD, MISSISSIPPI**

### **Notes to Financial Statements**

**September 30, 2016**

#### **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



**CITY OF GREENWOOD, MISSISSIPPI**  
**Notes to Financial Statements**  
**September 30, 2016**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

well as long-term debt and obligations. The City's net 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 franchise 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 equal liabilities). So, agency funds cannot be said to have a measurement focus; however, they do use the



**CITY OF GREENWOOD, MISSISSIPPI**

**Notes to Financial Statements**

**September 30, 2016**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

accrual basis of accounting to recognize receivables and payables. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

The City reports the following major governmental funds:

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

The City reports the following major proprietary funds:

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

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

Additionally, the City reports the following fund types:

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

Fiduciary funds:

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





**CITY OF GREENWOOD, MISSISSIPPI**

**Notes to Financial Statements**

**September 30, 2016**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

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 \$1,710,029 of total receivables at September 30, 2016.

**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



**CITY OF GREENWOOD, MISSISSIPPI**  
**Notes to Financial Statements**  
**September 30, 2016**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

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.

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



**CITY OF GREENWOOD, MISSISSIPPI**  
**Notes to Financial Statements**  
**September 30, 2016**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

**5. Materials and Supplies Inventories**

The Greenwood Utilities' materials and supplies inventories are valued at cost using the average cost method of inventory valuation. Any damaged or obsolete inventory is written down to fair market value.

**6. Capital Assets**

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

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

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

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

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

**7. Prepaid Items**

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

**8. 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



**CITY OF GREENWOOD, MISSISSIPPI**  
**Notes to Financial Statements**  
**September 30, 2016**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

and 120 hours for more than 10 years of service. For the proprietary funds and the government-wide statements, the current portion is the amount estimated for use in the following year. In accordance with GAAP, for the governmental funds, in the funds financial statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represent a reconciling item between the fund level and government-wide presentation. The compensated absences liability is liquidated by the following funds: general fund, special revenue, sewer and solid waste.

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

***Greenwood Utilities:***

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

At September 30, 2016, 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, 2016. 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, 2016. 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, that 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 and 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 and 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





**CITY OF GREENWOOD, MISSISSIPPI**  
**Notes to Financial Statements**  
**September 30, 2016**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

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 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 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 and 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



**CITY OF GREENWOOD, MISSISSIPPI**  
**Notes to Financial Statements**  
**September 30, 2016**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

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.

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, 2016.

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.



**CITY OF GREENWOOD, MISSISSIPPI**  
**Notes to Financial Statements**  
**September 30, 2016**

**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. Reclassifications**

Certain reclassifications have been made to the 2015 financial statements to conform to the 2016 presentation. The reclassifications had no effect on the change in net position.



## **CITY OF GREENWOOD, MISSISSIPPI**

### **Notes to Financial Statements**

**September 30, 2016**

#### **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 capital outlay and 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 to be a generally accepted accounting principle in the United States of America. Budget and actual comparisons are presented in the accompanying financial statements for all governmental activities that are considered to be major funds under GASB 34 guidelines.

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

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





**CITY OF GREENWOOD, MISSISSIPPI**  
**Notes to Financial Statements**  
**September 30, 2016**

**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.

- 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	\$ 11,814,908	\$ 12,398,842	\$ 583,934
Other General Funds	353,763	766,063	412,300
Special Revenue Funds	149,283	7,964,455	7,815,172
Debt Service Funds	986,763	1,215,121	228,358
Capital Projects Funds	-	2,855,400	2,855,400
Enterprise Funds	5,627,896	18,925,737	13,297,841
Internal Service Fund	1,327,000	1,327,000	-
	<u>\$ 20,259,613</u>	<u>\$ 45,452,618</u>	<u>25,193,005</u>

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

- Unexpended appropriations lapse at year-end in all funds.
- Expenditures over appropriations at the legal level of budgetary control are as follows:

	Budget	Actual	Overage
<b>Solid Waste Assistance Grant</b>			
Capital Outlay	\$ -	\$ 1,519	\$ 1,519



**CITY OF GREENWOOD, MISSISSIPPI**  
**Notes to Financial Statements**  
**September 30, 2016**

**NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED):**

**B. Deficit Fund Equity**

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

Solid Waste Enterprise Fund	\$ <u>(825,988)</u>
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This deficit is not in violation of state law. The Solid Waste Enterprise Fund deficit is the result of the continued payments on the purchase of new garbage trucks and no increase in residential user fees.

**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 \$13,875,098 and the bank balances totaled \$14,049,508. Of the bank balances, \$397,389 was insured by federal deposit insurance and \$13,652,119 was collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the City.

At year-end, the carrying amount of Greenwood Utilities' deposits was \$13,043,639, and the bank balances totaled \$13,222,140. Of the bank balances, \$382,335 was insured by FDIC, and \$12,839,805 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 \$311,645 and \$226,436, respectively, and the bank balances totaled \$321,074 and \$232,274, respectively. Of the bank balances, \$321,074 for the Tourism and \$232,274 for the Library was insured by federal deposit insurance.

**3. Investments**

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



**CITY OF GREENWOOD, MISSISSIPPI**  
**Notes to Financial Statements**  
**September 30, 2016**

**NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED):**

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, 2016, for the primary government's individual major funds and nonmajor and internal service funds in the aggregate (including its blended component unit, Greenwood Utilities), including the applicable allowances for uncollectible accounts, are as follows (amounts are expressed in thousands):

	General	Other Governmental Funds	Sewage Enterprise Fund	Greenwood Utilities	Other Enterprise Funds	Total
Accounts Receivable	\$ -	\$ -	\$ -	\$ 4,273	\$ -	\$ 4,273
Intergovernmental	772	1,414	-	56	-	2,242
Property Taxes						
Receivable	448	645	-	-	-	1,093
Other	57	24	1	569	-	651
Gross Receivables	1,277	2,083	1	4,898	-	8,259
Less: allowance for doubtful accounts	47	7	-	163	-	217
Total	\$ 1,230	\$ 2,076	\$ 1	\$ 4,735	\$ -	\$ 8,042

Receivables for Greenwood Utilities are reported net of uncollectible amounts. All accounts receivables are due within 15 days. Greenwood Utilities' policy concerning bad debts is to each month credit the allowance for doubtful accounts with an average monthly amount based on history of actual bad accounts written off. When an account is considered uncollectible, it is written off. \$162,998 was determined to be uncollectible for the current year. Revenues are recognized 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 \$1,710,029 of total receivables at September 30, 2016.



# CITY OF GREENWOOD, MISSISSIPPI

## Notes to Financial Statements

September 30, 2016

### 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)	\$ 5,093,028
Less: Allowance for doubtful accounts	<u>54,146</u>
Total property taxes receivable, net	<u><u>\$ 5,038,882</u></u>

Tax millage levies for 2015 were collected in the current fiscal year and statutory maximum millage rates were as follows:

Fund	Levy (in mills)	Purpose	Maximum
General Fund	40.21	General	None
Debt Service Fund	4.02	Debt retirement	None
Disability & Relief Fund	4.03	Retirement	None
Total City of Greenwood	<u>48.26</u>		
Greenwood Public Schools:			
District Maintenance	<u>53.63</u>	Public schools	None
Total Greenwood Public Schools	<u>53.63</u>		
Total millage rate	<u><u>101.89</u></u>		





**CITY OF GREENWOOD, MISSISSIPPI**

**Notes to Financial Statements**

**September 30, 2016**

**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)	\$ 4,948,501

**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 \$4,445,868 of sales tax revenue.



**CITY OF GREENWOOD, MISSISSIPPI**

**Notes to Financial Statements**

**September 30, 2016**

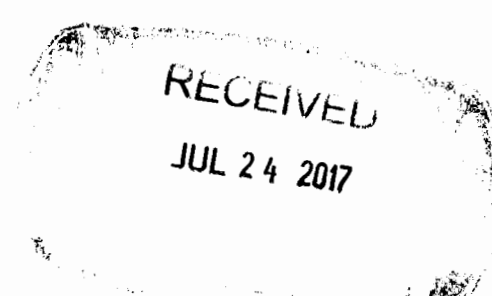
**NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**C. Changes in Capital Assets**

1. Primary government capital asset activity for the year ended September 30, 2016, was as follows (amounts are expressed in thousands):

	Balance 9/30/15	Additions	Deletions	Transfers	Balance 9/30/16
<b>Governmental activities:</b>					
Capital assets not being depreciated:					
Land	\$ 3,488	\$ -	\$ 105	\$ -	\$ 3,383
Construction-in-progress	638	3,030	-	(217)	3,451
Total capital assets not being depreciated	4,126	3,030	105	(217)	6,834
Capital assets being depreciated:					
Infrastructure	26,652	-	-	-	26,652
Buildings & improvements	11,961	-	15	217	12,163
Equipment & furniture	874	115	6	-	983
Mobile equipment	4,586	187	111	26	4,688
Total capital assets being depreciated	44,073	302	132	243	44,486
Less accumulated depreciation for:					
Infrastructure	9,515	563	-	-	10,078
Buildings & improvements	2,741	244	3	-	2,982
Equipment & furniture	562	82	5	-	639
Mobile equipment	3,157	189	101	19	3,264
Total accumulated depreciation	15,975	1,078	109	19	16,963
Total capital assets being depreciated, net	28,098	(776)	23	224	27,523
Total governmental activities capital assets, net	\$ 32,224	\$ 2,254	\$ 128	\$ 7	\$ 34,357

Continued





**CITY OF GREENWOOD, MISSISSIPPI**  
**Notes to Financial Statements**  
**September 30, 2016**

**NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED):**

	Balance 9/30/15	Additions	Deletions	Transfers	Balance 9/30/16
<b>Business-type activities:</b>					
Capital assets not being depreciated:					
Land	\$ 451	\$ 150	\$ -	\$ -	\$ 601
Construction-in-progress	41,305	7,335	-	(44,760)	3,880
Total capital assets not being depreciated	41,756	7,485	-	(44,760)	4,481
Capital assets being depreciated:					
Infrastructure	21,151	-	-	44,760	65,911
Buildings & improvements	-	-	-	-	-
Equipment & furniture	428	204	-	-	632
Mobile equipment	3,157	77	-	(26)	3,208
Electric and water production plant	25,172	1,132	-	-	26,304
Electric and water distribution plant	48,903	1,271	-	-	50,174
Electric and water general plant	6,893	265	340	-	6,818
Total capital assets being depreciated	105,704	2,949	340	44,734	153,047
Less accumulated depreciation for:					
Infrastructure	5,398	2,157	-	-	7,555
Buildings & improvements	-	-	-	-	-
Equipment & furniture	204	70	-	-	274
Mobile equipment	1,378	437	-	(19)	1,796
Electric and water production plant	13,877	879	-	-	14,756
Electric and water distribution plant	18,401	1,426	-	-	19,827
Electric and water general plant	4,406	525	305	-	4,626
Total accumulated depreciation	43,664	5,494	305	(19)	48,834
Total capital assets being depreciated, net	62,040	(2,545)	35	44,753	104,213
Total business-type activities capital assets, net	\$ 103,796	\$ 4,940	\$ 35	\$ (7)	\$ 108,694

Greenwood Utilities allocates depreciation for vehicles used in the construction of plant assets to the underlying construction project. The amount of depreciation allocated was \$94,696 for the year ended September 30, 2016.



**CITY OF GREENWOOD, MISSISSIPPI**  
**Notes to Financial Statements**  
**September 30, 2016**

**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	186,482
Public works	559,274
Culture and recreation	44,139
Economic development and assistance	<u>272,958</u>
Total depreciation expense - governmental activities	<u><u>\$ 1,077,947</u></u>

**Business-type activities:**

Sewage enterprise	\$ 2,261,228
Greenwood utilities	2,831,830
Non-major business-type activities	<u>401,131</u>
Total depreciation expense - business-type activities	<u><u>\$ 5,494,189</u></u>

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

Project	Spent-to-date	Remaining Commitment
<b>Governmental-type activities:</b>		
Milwaukee Tool Project (Phase II)	\$ 853,500	\$ 2,446,500
MDOT Street Project - Main Street	171,347	1,240,650
Police Station Renovation	740,056	3,059,944
Linear Park (Phase I and II)	<u>1,686,201</u>	<u>1,217,220</u>
Total	<u><u>\$ 3,451,104</u></u>	<u><u>\$ 7,964,314</u></u>
<b>Business-type activities:</b>		
Sewer Line Extension	\$ 23,980	\$ 142,900
Greenwood Utilities - NW Water Supply Well and various open work orders	<u>3,856,046</u>	<u>not reported</u>
Total	<u><u>\$ 3,880,026</u></u>	<u><u>\$ 142,900</u></u>





**CITY OF GREENWOOD, MISSISSIPPI**

**Notes to Financial Statements**

**September 30, 2016**

**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				Balance	
	9/30/15	Additions	Deletions	Transfers	9/30/16	
Capital assets being depreciated:						
Building improvements	\$ 175	\$ 18	\$ 10	\$ 10	\$ 193	
Books & materials	833	41	-	-	874	
Mobile equipment	15	22	15	-	22	
Equipment & furniture	335	21	4	(10)	342	
Total capital assets being depreciated	<u>1,358</u>	<u>102</u>	<u>29</u>	<u>-</u>	<u>1,431</u>	
Less accumulated depreciation for:						
Buildings & improvements	144	6	10	-	140	
Books & materials	697	44	-	-	741	
Mobile equipment	14	2	14	-	2	
Equipment & furniture	288	21	4	-	305	
Total capital assets being depreciated, net	<u>1,143</u>	<u>73</u>	<u>28</u>	<u>-</u>	<u>1,188</u>	
Total capital assets, net	<u>\$ 215</u>	<u>\$ 29</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 243</u>	

Depreciation expense was charged to activities as follows:

Library	\$ 71,302
Tourism Commission	1,844
Total	<u>\$ 73,146</u>

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**CITY OF GREENWOOD, MISSISSIPPI**

**Notes to Financial Statements**

**September 30, 2016**

**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, 2016, follows:

	<b>Interfund Receivables</b>	<b>Interfund Payables</b>
General Fund	\$ 1,119,919	\$ 86,862
Nonmajor governmental funds		
Urban Youth Corps Project	-	32,889
Domestic Violence Grant	-	5,049
DUI Grant	233	9,390
Traffic Safety Project	-	2,200
Transportation Enhancement Grant	6,769	26,422
Linear Parks System (Phase I and II)	-	552,897
Old Greenwood Leflore Library	40,824	21,664
Speed Wave Grant	-	-
Milwaukee Tool Expansion Phase I and II	-	430,372
General Obligation Bond & Interest Fund	1,440	-
<b>Total Governmental Funds</b>	<u>1,169,185</u>	<u>1,167,745</u>
Sewage Enterprise	952,901	31,531
Greenwood Utilities	126,340	1,329,456
Nonmajor proprietary funds		
Solid Waste Enterprise	280,306	-
Solid Waste Assistance Grant V (Cooperative)	-	-
<b>Total Proprietary Funds</b>	<u>1,359,547</u>	<u>1,360,987</u>
<b>Total All Funds</b>	<u><u>\$ 2,528,732</u></u>	<u><u>\$ 2,528,732</u></u>

- The Sewage Enterprise (\$922,810) and Solid Waste Enterprise (\$280,306) receivables are for monies collected by Greenwood Utilities at year-end but not yet remitted.
- The Greenwood Utilities receivable is money due from the City for electric and water services. An equal amount for the General Fund and Sewage Enterprise Fund is due to Greenwood Utilities for free utility services.
- The other receivables and payables are temporary advances from one fund to another fund for cash flow purposes until the other fund receives funding from outside sources.
- The Sewage Enterprise Fund owes the General Obligation Bond and Interest Fund for paying agent fees paid from the General Obligation Bond and Interest Fund.



**CITY OF GREENWOOD, MISSISSIPPI**  
**Notes to Financial Statements**  
**September 30, 2016**

**NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED):**

Transfers in/transfers out for the primary government follows:

	<b>Transfers In</b>	<b>Transfers Out</b>
General Fund	\$ 1,287,407	\$ 271,010
Nonmajor governmental funds		
Community Center Fund	-	-
Cemetery Project	9,190	-
Special Projects Fund	277,790	601,812
Youth Summer Fun Recreation Program Fund	29,565	-
Urban Youth Corp Project	8,241	-
Fire Protection Fund	36,763	-
Police Department Seized Fund	2,655	-
Domestic Violence Grant	14,391	-
DUI Grant	296	-
Transportation Enhancement Grant	25,320	-
Drug Court Fund	25,000	-
Linear Parks System (Phase I & II)	506,044	-
Cops Grant II	23,527	-
Milwaukee Tool Expansion	50,530	-
Old Greenwood Leflore Library	41,779	-
Total Governmental Funds	<u>2,338,498</u>	<u>872,822</u>
Sewage Enterprise	475,740	585,389
Greenwood Utilities	-	1,865,624
Nonmajor proprietary funds		
Solid Waste Enterprise	572,697	63,100
	<u>1,048,437</u>	<u>2,514,113</u>
	<u>\$ 3,386,935</u>	<u>\$ 3,386,935</u>



**CITY OF GREENWOOD, MISSISSIPPI**

**Notes to Financial Statements**

**September 30, 2016**

**NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED):**

Interfund transfers at September 30, 2016 consisted of the following:

\$	14,391	From General Fund to Domestic Violence for match funds.
	29,565	From General Fund to Youth Summer Fun Recreation Program to subsidize operations.
	9,190	From General Fund to Cemetery Fund to subsidize operations.
	296	From General Fund to DUI Grant Fund for match funds.
	8,241	From General Fund to Urban Youth Corp Project for match funds.
	23,527	From General Fund to Cops Grant II for match funds.
	2,655	From General Fund to Police Department Seized Funds to subsidize operations.
	77,790	From General Fund to Special Projects Fund to subsidize operations.
	41,779	From General Fund (\$40,824) and Special Projects Fund (\$955) to Old Greenwood Leflore Library for match funds.
	36,763	From General Fund to Fire Protection Fund for payment of fire truck note.
	13,946	From General Fund (\$6,769) and Special Projects Fund (\$7,177) for the Main Street transportation enhancement project to subsidize operations.
	25,000	From General Fund (\$21,000) and Special Projects Fund (\$4,000) to Drug Court Grant Fund to subsidize operations.
	506,044	From Special Projects Fund to Linear Park System Project (Phase I and II) for match funds.
	42,454	From Special Projects Fund to General Fund (\$31,752), Sewage Enterprise Fund (\$4,638), Solid Waste Enterprise Fund (\$6,064) for GPS systems.
	41,182	From Special Projects Fund to Milwaukee Tool Expansion Phase I Fund for match funds.
	63,100	From Solid Waste Enterprise Fund to General Fund to pay for tearing down of dilapidated houses.
	2,000	From Sewage Enterprise Fund to General Fund for parks repairs and maintenance.
	7,407	From Sewage Enterprise Fund to General Fund for a vehicle transfer.
	566,633	From Sewage Enterprise Fund to Solid Waste Enterprise Fund to subsidize operations.
	9,348	From Sewage Enterprise Fund to Milwaukee Tool Expansion Phase I Fund for match funds.
	388,102	From Greenwood Utilities to the Sewage Enterprise Fund for free 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.
	740,000	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.
	15,066	From Greenwood Utilities to the General Fund (\$3,692) and Special Projects Fund (\$11,374) for in-kind services.
	439,456	From Greenwood Utilities to the General Fund for free utility services.
	<u>\$ 3,386,935</u>	





**CITY OF GREENWOOD, MISSISSIPPI**  
**Notes to Financial Statements**  
**September 30, 2016**

**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. In 2016, the City refinanced a note secured by nine garbage trucks purchased in the previous year. The note was refinanced into a capital lease. These lease agreements qualify as capital leases for accounting purposes and therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

<b>Five 2015 Ford Explorers Police Vehicles</b>	<u><u>\$ 150,750</u></u>
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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, 2016:

Year ending September 30:	
2017	\$ 51,498
2018	<u>21,458</u>
Total minimum payments	<u>72,956</u>
Less: Amount representing interest	868
Present value of net minimum lease payments	<u><u>\$ 72,088</u></u>

<b>E-One Pumper Truck</b>	<u><u>\$ 288,900</u></u>
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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, 2016:

Year ending September 30:	
2017	\$ 36,763
Total minimum payments	<u>36,763</u>
Less: Amount representing interest	1,630
Present value of net minimum lease payments	<u><u>\$ 35,133</u></u>



**CITY OF GREENWOOD, MISSISSIPPI**  
**Notes to Financial Statements**  
**September 30, 2016**

**NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED):**

<b>Fire Truck (E-One 75' Aerial on a Typhoon Chassis)</b>	<b>\$ 655,663</b>
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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, 2016:

Year ending September 30:	
2017	\$ 75,575
2018	75,575
2019	75,575
2020	75,575
2021	75,575
Thereafter	75,574
Total minimum payments	453,449
Less: Amount representing interest	39,530
Present value of net minimum lease payments	<u>\$ 413,919</u>

<b>Nine 2015 Garbage Trucks (Lease Refinance)</b>	<b>\$ 945,500</b>
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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, 2016:

Year ending September 30:	
2017	\$ 340,514
2018	340,514
2019	283,760
Total minimum payments	964,788
Less: Amount representing interest	19,288
Present value of net minimum lease payments	<u>\$ 945,500</u>

**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.



**CITY OF GREENWOOD, MISSISSIPPI**  
**Notes to Financial Statements**  
**September 30, 2016**

**NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED):**

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

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

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.



**CITY OF GREENWOOD, MISSISSIPPI**  
**Notes to Financial Statements**  
**September 30, 2016**

**NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED):**

General obligation bonds outstanding at September 30, 2016, 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% \$ 1,040,000

\$3,600,000 2002 General Obligation MBIA Bonds due in annual  
principal installments of \$180,000 through December 1, 2022;  
interest at 3% 1,260,000

\$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% 2,129,000

\$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% 2,900,000  
Total \$ 7,329,000

**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 \$ 553,970

\$191,059 Bank of Commerce Note dated June 14, 2016 for the  
purchase of various pieces of equipment for the fire department;  
due in 5 annual installments of \$40,092, beginning June 14, 2017;  
interest at 1.60%; Note is secured by the equipment and payable  
out of General Fund and Fire Protection Fund \$ 191,059





**CITY OF GREENWOOD, MISSISSIPPI**

**Notes to Financial Statements**

**September 30, 2016**

**NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**3. State Revolving Loan**

The City entered into a loan agreement with the Mississippi Department of Environmental Quality to rehabilitate its sewer system and to construct a new wastewater treatment facility. Greenwood Utilities entered into a loan agreement with the Mississippi Department of Health for various drinking water projects. The state revolving loans payable at September 30, 2016 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% \$ 4,930,667

\$40,078,252 Sewer Rehab Revolving loan due in monthly installments of \$201,559 beginning April 1, 2017, through October 1, 2036; interest at 1.75% \$ 38,321,548

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

\$3,159,182 Drinking Water Systems Improvement Revolving loan, 20 year loan; interest at 1.95%; repayment beginning 90 days after completion of project; expected 2017 \$ 1,072,121

**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; variable interest at 2% to 2.5% \$ 2,125,000

**5. Taxable Urban Renewal Revenue Bonds, Series 2016**

\$2,000,000 Taxable Urban Renewal Revenue Bonds, Series 2016, 0% interest, monthly installments of \$18,519 beginning September 29, 2017 through August 31, 2026. \$ 2,000,000

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**CITY OF GREENWOOD, MISSISSIPPI**

**Notes to Financial Statements**

**September 30, 2016**

**NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**6. Long-term Debt Transactions**

A summary of long-term debt transactions for the year ended September 30, 2016, was as follows (in thousands of dollars):

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
General Obligation bonds	\$ 6,627	\$ -	\$ 558	\$ 6,069	\$ 480
General Obligation MBIA bond	1,440	-	180	1,260	180
Taxable Urban Renewal Revenue Bond	-	2,000	-	2,000	18
Equipment note (Fire Dept)	-	191	-	191	37
Capital lease	700	-	179	521	150
Compensated absences	309	300	309	300	300
Total governmental activities	<u>\$ 9,076</u>	<u>\$ 2,491</u>	<u>\$ 1,226</u>	<u>\$ 10,341</u>	<u>\$ 1,165</u>
<b>Business-type activities:</b>					
State revolving loan (Phase IV)	\$ 5,314	\$ -	\$ 383	\$ 4,931	\$ 392
State revolving loan (Phase V)	35,109	3,213	-	38,322	862
State revolving loan (Drinking Water)	92	980	-	1,072	30
Sewer Revenue Refunding Bonds, Series 2012	2,725	-	600	2,125	610
Capital Improvement Loan	564	-	10	554	23
Note payable (Garbage Trucks)	1,409	-	1,409	-	-
Capital lease (Garbage Trucks - Refi)	-	946	-	946	329
Compensated absences	366	66	66	366	140
Total business-type activities	<u>\$ 45,579</u>	<u>\$ 5,205</u>	<u>\$ 2,468</u>	<u>\$ 48,316</u>	<u>\$ 2,386</u>

**7. Legal Debt Margin and Debt Covenants**

The City's legal debt margin for the issuance of general obligation bonds was \$7,689,252 at September 30, 2016.

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



**CITY OF GREENWOOD, MISSISSIPPI**  
**Notes to Financial Statements**  
**September 30, 2016**

**NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**8. Annual Maturities Requirements**

The annual requirements to amortize all long-term debt outstanding as of September 30, 2016, including interest, by source of retirement are as follows:

**Debt Service Fund (Special Tax Levy)**

Fiscal Year	General Obligation Bonds		(Memorandum Only)
	Principal	Interest	Total
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	543,000	102,229	645,229
2022-2026	1,877,000	346,395	2,223,395
2027-2031	840,000	188,088	1,028,088
2032-2036	800,000	52,169	852,169
Totals	\$ 6,069,000	\$ 1,224,233	\$ 7,293,233

**Milwaukee Tool Expansion Phase I (Milwaukee Tool Rent)**

Fiscal Year	Taxable Urban Renewal Revenue Bonds		(Memorandum Only)
	Principal	Interest	Total
2017	\$ 18,519	\$ -	\$ 18,519
2018	222,222	-	222,222
2019	222,222	-	222,222
2020	222,222	-	222,222
2021	222,222	-	222,222
2022-2026	1,092,593	-	1,092,593
Totals	\$ 2,000,000	\$ -	\$ 2,000,000

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

Fiscal Year	Note Payable		(Memorandum Only)
	Principal	Interest	Total
2017	\$ 36,979	\$ 3,105	\$ 40,084
2018	37,601	2,483	40,084
2019	38,207	1,877	40,084
2020	38,823	1,261	40,084
2021	39,449	635	40,084
Totals	\$ 191,059	\$ 9,361	\$ 200,420



**CITY OF GREENWOOD, MISSISSIPPI**

**Notes to Financial Statements**

**September 30, 2016**

**NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**Industrial Rent #255 (Milwaukee Tool Rents)**

Fiscal Year	General Obligation MBIA Bond		(Memorandum Only)
	Principal	Interest	Total
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	180,000	13,500	193,500
2022-2023	360,000	10,800	370,800
Totals	\$ 1,260,000	\$ 132,300	\$ 1,392,300

**Sewage Enterprise Fund (Water/Sewer Revenues)**

Fiscal Year	State Revolving Loan IV		(Memorandum Only)
	Principal	Interest	Total
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	424,133	62,454	486,587
2022-2026	2,252,587	180,350	2,432,937
2027-2028	639,685	9,099	648,784
Totals	\$ 4,930,667	\$ 583,991	\$ 5,514,658

**Sewage Enterprise Fund (Water/Sewer Revenues)**

Fiscal Year	Sewer Refunding Bonds		(Memorandum Only)
	Principal	Interest	Total
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	\$ 2,125,000	\$ 112,959	\$ 2,237,959





**CITY OF GREENWOOD, MISSISSIPPI**  
**Notes to Financial Statements**  
**September 30, 2016**

**NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED):**

**Drinking Water Systems Improvement Revolving Loan (Greenwood Utilities)**

Fiscal Year	State Revolving Loan		(Memorandum Only)	
	Principal		Total	
2017	\$ 29,866		\$ 29,866	
2018	45,532		45,532	
2019	46,428		46,428	
2020	47,342		47,342	
2021	48,273		48,273	
2022-2027	310,250		310,250	
2028-2033	348,725		348,725	
2034-2036	195,705		195,705	
Totals	\$ 1,072,121		\$ 1,072,121	

Future interest amounts were unknown as of September 30, 2016.

**Sewage Enterprise Fund (Water/Sewer Revenues)**

Fiscal Year	Capital Improvement Loan		(Memorandum Only)	
	Principal	Interest	Total	
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	25,246	8,966	34,212	
2022-2026	134,082	36,975	171,057	
2027-2031	148,171	22,886	171,057	
2032-2036	150,383	6,419	156,802	
Totals	\$ 553,969	\$ 116,006	\$ 669,975	

**Sewage Enterprise Fund (Water/Sewer Revenues)**

Fiscal Year	State Revolving Loan V		(Memorandum Only)	
	Principal	Interest	Total	
2017	\$ 861,803	\$ 347,548	\$ 1,209,351	
2018	1,746,378	672,325	2,418,703	
2019	1,777,186	641,517	2,418,703	
2020	1,808,537	610,165	2,418,702	
2021	1,840,442	578,261	2,418,703	
2022-2026	9,700,826	2,392,687	12,093,513	
2027-2031	10,587,216	1,506,296	12,093,512	
2032-2036	11,554,599	538,913	12,093,512	
2037	201,265	294	201,559	
Totals	\$ 40,078,252	\$ 7,288,006	\$ 47,366,258	

The annual maturity requirements for the State Revolving Loan V are based on the final note balance of \$40,078,252.

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**CITY OF GREENWOOD, MISSISSIPPI**  
**Notes to Financial Statements**  
**September 30, 2016**

**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% \$ 242,000

**H. Line of Credit for Greenwood Utilities**

Greenwood Utilities has a \$3,000,000 revolving line of credit expiring in 2017. At September 30, 2016, there were no funds borrowed against this line. The line is collateralized by Greenwood Utilities' certificates of deposit. Interest is fixed at 1.45% and is payable upon maturity.

**I. 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:

	<u>Nonmajor Governmental Funds</u>
<b>FUND BALANCES:</b>	
<b>RESTRICTED FOR:</b>	
Public safety	\$ 2,296,963
Public works	186,207
Economic development & assistance	9,348
Debt service	1,064,628
<b>ASSIGNED TO:</b>	
Public safety	38,143
Culture & recreation	14,149
Special projects	18,518
Economic development & assistance	94,165
Total fund balances	<u>\$ 3,722,121</u>

Unrestricted net position for Greenwood Utilities was comprised of unrestricted net position and board designated net position balances of (\$3,079,997) and \$7,914,198, respectively.



**CITY OF GREENWOOD, MISSISSIPPI**  
**Notes to Financial Statements**  
**September 30, 2016**

**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 or online at <http://www.pers.ms.gov>.

*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.

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**CITY OF GREENWOOD, MISSISSIPPI**  
**Notes to Financial Statements**  
**September 30, 2016**

**NOTE 4 – PENSION PLANS (CONTINUED)**

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 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, 2016, 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 2016, the City's and Greenwood Utilities' contribution to the pension plan was \$1,096,361 and \$630,869, respectively.





**CITY OF GREENWOOD, MISSISSIPPI**  
**Notes to Financial Statements**  
**September 30, 2016**

**NOTE 4 – PENSION PLANS (CONTINUED)**

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

*City of Greenwood.*

At September 30, 2016, the City reported a liability of \$18,686,173, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016 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, 2016, relative to the total employer contributions of participating employers to PERS. At June 30, 2016, the City's proportion was 0.109231%, which was a decrease of 0.004280% from its proportion of 0.113511%, as of June 30, 2015.

For the year ended September 30, 2016, the City recognized pension expense of \$1,041,789. At September 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 528,999	\$ -
Changes of assumptions or other inputs	915,423	49,657
Net difference between projected and actual earnings on pension plan investments	1,266,784	-
Changes in proportion	59,577	446,950
Employer contributions subsequent to the measurement date	272,762	-
	<u>\$ 3,043,545</u>	<u>\$ 496,607</u>



**CITY OF GREENWOOD, MISSISSIPPI**  
**Notes to Financial Statements**  
**September 30, 2016**

**NOTE 4 – PENSION PLANS (CONTINUED)**

At September 30, 2016, the City reported \$272,762 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 2017 fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources at September 30, 2016, related to pensions will be recognized in pension expense as follows:

Year Ending September 30		
2016	\$	771,133
2017		551,041
2018		582,852
2019		369,150
	\$	<u>2,274,176</u>

***Greenwood Utilities.***

At September 30, 2016, Greenwood Utilities reported a liability of \$10,983,115, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, 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, 2016, relative to the total employer contributions of participating employers to PERS. At June 30, 2016, Greenwood Utilities' proportion was 0.061487%, which was an increase of 0.000188% from its proportion of 0.061299%, as of June 30, 2015.

For the year ended September 30, 2016, Greenwood Utilities recognized pension expense of \$1,201,833. At September 30, 2016, Greenwood Utilities reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 306,349	\$ -
Changes of assumptions or other inputs	517,767	29,185
Net difference between projected and actual earnings on pension plan investments	744,052	-
Changes in proportion	38,274	125,889
Employer contributions subsequent to the measurement date	149,954	-
	<u>\$ 1,756,396</u>	<u>\$ 155,074</u>



**CITY OF GREENWOOD, MISSISSIPPI**  
**Notes to Financial Statements**  
**September 30, 2016**

**NOTE 4 – PENSION PLANS (CONTINUED)**

At September 30, 2016, Greenwood Utilities reported \$149,954 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 2017 fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources at September 30, 2016, related to pensions will be recognized in pension expense as follows:

Year Ending September 30	
2017	\$ 426,972
2018	417,990
2019	389,433
2020	216,973
	<u>\$ 1,451,368</u>

**3. Actuarial Assumptions**

The total pension liability in the June 30, 2016, 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, 2016, 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.

For the year ended June 30, 2016, 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.



**CITY OF GREENWOOD, MISSISSIPPI**

**Notes to Financial Statements**

**September 30, 2016**

**NOTE 4 – PENSION PLANS (CONTINUED)**

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2016, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation Percentage</u>	<u>Expected Real Rate of Return</u>
U.S. Broad	34.00%	5.20%
International equity	19.00%	5.00%
Emerging markets equity	8.00%	5.45%
Fixed income	20.00%	0.25%
Real assets	10.00%	4.00%
Private equity	8.00%	6.15%
Cash	1.00%	-0.50%
	<u>100.00%</u>	

**4. Discount Rate**

The discount rate used to measure the total pension liability was 7.75% at June 30, 2016. 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.

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**CITY OF GREENWOOD, MISSISSIPPI**  
**Notes to Financial Statements**  
**September 30, 2016**

**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	\$ 23,959,860	18,686,173	\$ 14,310,718

**Greenwood Utilities:**

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Proportionate share of the net pension liability	\$ 14,082,814	\$ 10,983,115	\$ 8,411,367

**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, 2016, the City and Greenwood Utilities have no amounts payable for outstanding contributions to the pension plan required for the year ended June 30, 2016.

**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, 2016, 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.



**CITY OF GREENWOOD, MISSISSIPPI**  
**Notes to Financial Statements**  
**September 30, 2016**

**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, 2016, 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, 2016
Total Pension Liability	\$ 7,751,306
Fiduciary Net Position	2,972,591
Net Pension Liability	<u>\$ 4,778,715</u>

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.



**CITY OF GREENWOOD, MISSISSIPPI**  
**Notes to Financial Statements**  
**September 30, 2016**

**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, 2016, is as follows:

<u>Change in Net Pension Liability</u>	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balances at June 30, 2015	<u>\$ 8,102,146</u>	<u>\$ 3,228,556</u>	<u>\$ 4,873,590</u>
Service cost	-	-	-
Interest on the total pension liability	597,730	-	597,730
Benefit changes	-	-	-
Difference between expected and actual experience	(169,577)	-	(169,577)
Employer's contribution	-	465,290	(465,290)
Employees' contributions	-	9,248	(9,248)
Pension plan net investment income	-	50,338	(50,338)
Benefit payments, including refunds of employee contributions	(778,993)	(778,993)	-
Administrative expense	-	(9,306)	9,306
Other	-	7,458	(7,458)
Net Change	<u>(350,840)</u>	<u>(255,965)</u>	<u>(94,875)</u>
Balances at June 30, 2016	<u><u>\$ 7,751,306</u></u>	<u><u>\$ 2,972,591</u></u>	<u><u>\$ 4,778,715</u></u>



**CITY OF GREENWOOD, MISSISSIPPI**  
**Notes to Financial Statements**  
**September 30, 2016**

**NOTE 4 – PENSION PLANS (CONTINUED)**

**5. Pension Expense**

For the year ended September 30, 2016, the City recognized total pension expense of \$244,234. Pension expense recognized by the plan is as follows:

	<u>Pension Expense</u>
Service Cost	\$ -
Interest on the total pension liability	597,730
Expensed portion of current-period difference between expected and actual experience in the total pension liability	(169,577)
Expensed portion of current-period changes in assumptions	-
Member contributions	(9,248)
Projected earnings on plan investments	(238,055)
Expense portion of current-period differences between actual and projected earnings on plan investments	37,543
Administrative expense	9,306
Other	(7,458)
Recognition of beginning deferred outflows of resources as pension expense	23,993
Recognition of beginning deferred inflows of resources as pension expense	-
Total Pension Expense(Income)	<u>\$ 244,234</u>





**CITY OF GREENWOOD, MISSISSIPPI**  
**Notes to Financial Statements**  
**September 30, 2016**

**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, 2016 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	\$ 222,152	\$ -
Employer contributions subsequent to the measurement date	1,910	-
Total Pension Expense	<u>\$ 224,062</u>	<u>\$ -</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension at September 30, 2016 will be recognized in pension expense as follows:

Year ending September 30	Amount
2017	\$ 61,536
2018	61,536
2019	61,535
2020	37,545
Thereafter	-
	<u>\$ 222,152</u>

**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.





**CITY OF GREENWOOD, MISSISSIPPI**  
**Notes to Financial Statements**  
**September 30, 2016**

**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	\$ 5,372,984	\$ 4,778,715	\$ 4,258,627

**9. Schedule of Assumptions**

The total pension liability in the June 30, 2016, 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, 2014
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 to each employee during the preceding year. As of September 30, 2016, the required amounts were funded. Claims totaled \$9,575 during fiscal year 2016 for the City of Greenwood. Greenwood Utilities paid \$0 for unemployment claims and \$1,985 as a .5% employer.



**CITY OF GREENWOOD, MISSISSIPPI**

**Notes to Financial Statements**

**September 30, 2016**

**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 \$1,269,066, and employee benefit costs and administrative expenses were \$1,254,620 during fiscal year 2016. Claims incurred but not reported at September 30, 2016, in the Employees' Group Benefit Fund are provided for in claims payable and totaled \$109,440.

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 \$1,006,591, and employee benefit costs were \$745,222 during fiscal year 2016. Claims incurred but not reported at September 30, 2016, in the Medical Plan Reserve Fund are included in group medical insurance claims allowance as a restricted liability and totaled \$24,650.

**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, 10/1/2014	\$ 62,073	\$ 292,859
Current year claims	-	1,260,582
Interest earnings	59	444
Transfer in	-	(15,435)
Claims payments and administration	(6,171)	(1,251,110)
Ending balance, 9/30/15	55,961	287,340
Current year claims	-	1,268,496
Interest earnings	49	571
Miscellaneous charges	-	(11,342)
Claims payments and administration	(10,842)	(1,243,278)
Ending balance, 9/30/16	\$ 45,168	\$ 301,787



## **CITY OF GREENWOOD, MISSISSIPPI**

### **Notes to Financial Statements**

**September 30, 2016**

#### **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,





# **CITY OF GREENWOOD, MISSISSIPPI**

## **Notes to Financial Statements**

**September 30, 2016**

### **NOTE 5 – OTHER INFORMATION (CONTINUED)**

then the pool members would be required to pay for the deficiencies. Settled claims resulting from these insured risks have not exceeded the City's insurance coverage since it joined the pool, and the members have not had an additional assessment for excess losses incurred by the pool.

#### **6. Real and Personal Property Insurance**

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

#### **B. Commitments**

##### MEAM Joint Venture and Power Purchase Contract:

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



## **CITY OF GREENWOOD, MISSISSIPPI**

### **Notes to Financial Statements**

**September 30, 2016**

#### **NOTE 5 – OTHER INFORMATION (CONTINUED):**

##### 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 phase IV to the Sewage Enterprise Fund.

The outstanding balance of this loan at September 30, 2016, was \$4,930,667. Detailed information is provided in Note 3.

The City has also pledged sales tax reimbursements from the State of Mississippi to pay the Mississippi Department of Environmental Quality for a sewer rehab revolving loan phase V for the design and construction of the wastewater treatment facility to the Sewage Enterprise Fund.

The outstanding balance of this loan at September 30, 2016, was \$38,321,548. 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 Housing and Urban Development, the U.S. Department of Transportation and the Environmental Protection Agency 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, 2016, 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.

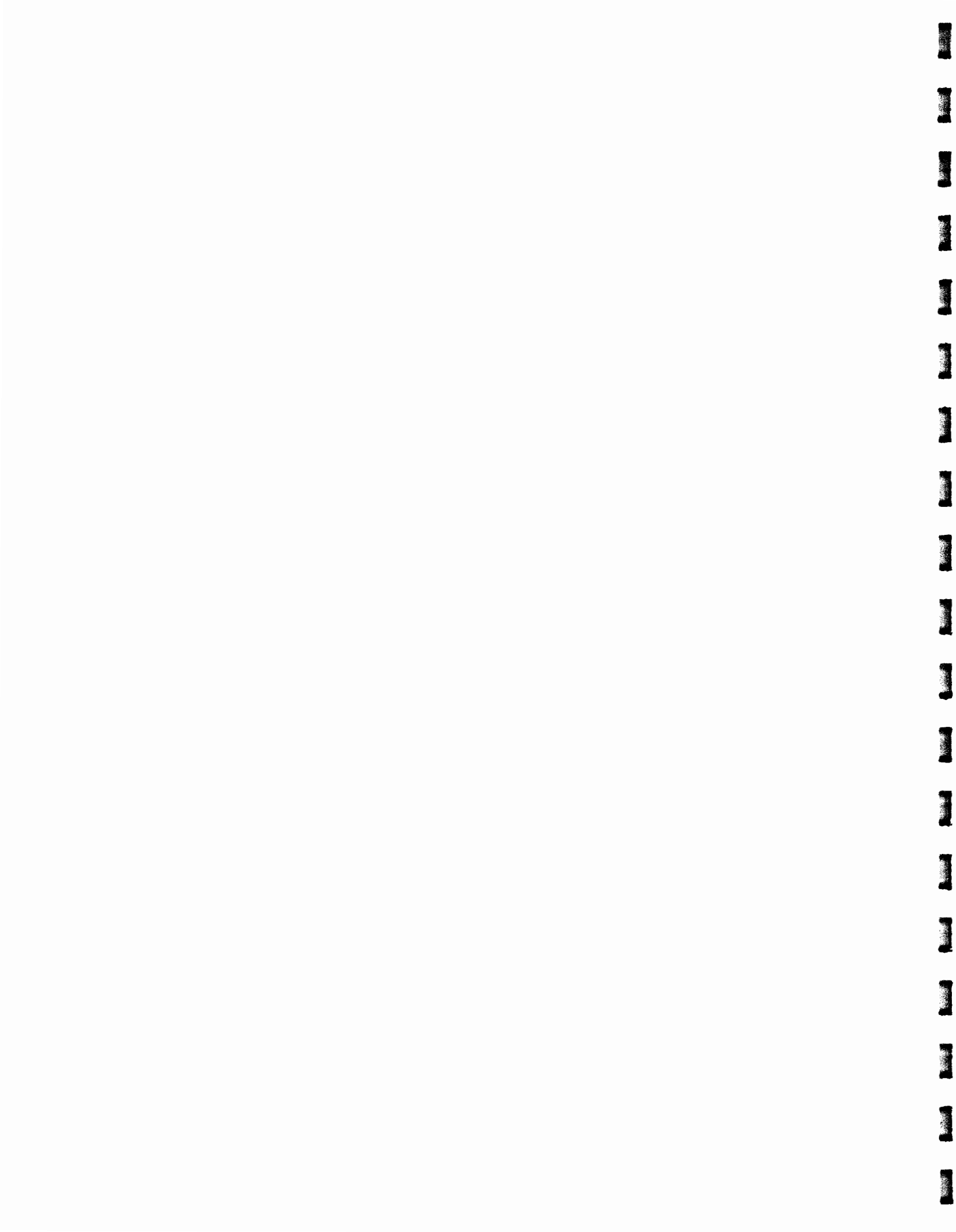
##### **Litigation**

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, 2016.

##### **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



**CITY OF GREENWOOD, MISSISSIPPI**

**Notes to Financial Statements**

**September 30, 2016**

**NOTE 5 – OTHER INFORMATION (CONTINUED):**

property from the City for \$12,166 monthly and adjusted to \$24,864 monthly beginning August 2003, for the initial term and all renewal periods. The lease between the City and Milwaukee Tool is for 5 years commencing on November 15, 2001, with an option to renew for three (3) additional 5-year terms. The third option has been exercised.

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

**Taxable Urban Renewal Revenue Bonds, Series 2016**

The City issued \$2,000,000 Taxable Urban Renewal Revenue Bonds, Series 2016 on September 20, 2016, for the Milwaukee Electric Tool Corporation expansion phase II. Milwaukee Electric Tool Corporation will pay a storage fee to the City for \$5,000 per month beginning on the execution date and ending on the commencement date, and monthly rent for the real property for \$25,832 (\$16,666 rent and \$9,166 maintenance) per month, beginning on the commencement date. The lease will commence on the earlier of August 1, 2014 or the day of the succeeding month from the date when Milwaukee Electric Tool Corporation has taken occupancy of the premises and begun its business operations.

The Bonds shall be registered as to both principal and interest as an obligation of the City. The principal shall be payable from any revenues derived by the City from the following: (i) any available revenues of the City, including the pledge of the General Fund of the City; (ii) income, proceeds, revenues and funds derived from or held in connection with the Urban Renewal Project; and (iii) such other collateral, if any, as may be specified in proposal of the purchaser of the Bonds.

**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, 2016.

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**CITY OF GREENWOOD, MISSISSIPPI****Notes to Financial Statements****September 30, 2016****NOTE 5 – OTHER INFORMATION (CONTINUED):****E. Joint Ventures**

The following provides the summary financial information of the Municipal Energy Agency of Mississippi (MEAM) as of September 30, 2016, the Greenwood-Leflore Airport September 30, 2015 (September 30, 2016, not yet issued) and the Greenwood-Leflore Industrial Board as of September 30, 2015 (September 30, 2016, not yet issued):

<b>Municipal Energy Agency of Mississippi (MEAM)</b>	<b>2016</b>
Total assets	\$ 119,446,905
Deferred outflows of resources	\$ 137,568
Total liabilities	\$ 93,799,713
Total deferred inflows of resources	\$ 20,689,187
Total net position	\$ 5,095,573
Total revenues	\$ 33,148,478
Total expenses	\$ 33,093,177
Increase (decrease) in net position	\$ 55,301
Total debt	\$ 91,152,689
Net pension liability	\$ 680,205

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

<b>Greenwood-Leflore Airport</b>	<b>2015</b>
Total assets	\$ 10,108,661
Total liabilities	\$ 34,784
Total net position	\$ 10,073,877
Total program and general revenues	\$ 829,956
Total expenses	\$ 849,278
Increase (decrease) in net position	\$ (19,322)
Accrued compensated absences	\$ 16,249

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





**CITY OF GREENWOOD, MISSISSIPPI**  
**Notes to Financial Statements**  
**September 30, 2016**

**NOTE 5 – OTHER INFORMATION (CONTINUED):**

<b>Greenwood-Leflore Industrial Board</b>	<b>2015</b>
Total assets	\$ 45,271
Total liabilities	\$ 45,271
Total net position	\$ -
Total program and general revenues	\$ 232,207
Total expenses	\$ 232,207
Increase (decrease)in net position	\$ -
Accrued compensated absences	\$ 7,654

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

**E. Comprehensive Income**

Net comprehensive income is equal to net income.

**NOTE 6 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through June 19, 2017, the date on which the financial statements were available to be issued.

Subsequent to year-end, the City issued Taxable General Obligation MBIA Refunding Bonds, Series 2016, in the principal amount not to exceed \$1,260,000. The bond issuance is for the purpose of providing funds for the refunding of the City's outstanding General Obligation MBIA Bond, Series 2002. These bonds were refunded on October 7, 2016.

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**REQUIRED SUPPLEMENTARY INFORMAITON**



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

*Last 10 Fiscal Years\**

<u><b>CITY OF GREENWOOD:</b></u>	<u>2016</u>	<u>2015</u>
Employer's proportionate share of the net pension liability	\$ 18,686,173	\$ 16,804,452
Employer's proportion of the net pension liability	0.109%	0.114%
Employer's covered-employee payroll	\$ 6,961,023	\$ 7,093,107
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	268.44%	236.91%
Plan fiduciary net position as a percentage of the total pension liability	57.47%	61.70%
 <u><b>GREENWOOD UTILITIES</b></u>	 <u>2016</u>	 <u>2015</u>
Employer's proportionate share of the net pension liability	\$ 10,983,115	\$ 9,475,618
Employer's proportion of the net pension liability	0.061%	0.061%
Employer's covered-employee payroll	\$ 3,933,479	\$ 3,829,632
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	279.22%	247.43%
Plan fiduciary net position as a percentage of the total pension liability	57.47%	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, 2016 measurement date used for September 30, 2016).

The average expected remaining service lives of all employees that are provided with pensions through the pension plan (active and inactive employees) determined as of the beginning of the measurement period decreased from 3.72 years for the 2015 measurement period to 3.48 for the 2016 measurement period.

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 employer has only presented information for the years in which information is available.



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

*Last 10 Fiscal Years\**

**CITY OF GREENWOOD:**

	2016	2015
Contractually required employer contribution	\$ 1,096,361	\$ 1,117,164
Contributions in relation to the statutorily required contribution	1,096,361	1,117,164
Annual contributions deficiency (excess)	\$ -	\$ -
Employer's covered-employee payroll	\$ 6,961,023	\$ 7,093,107
Actual contributions as a percentage of covered-employee payroll	15.75%	15.75%

**GREENWOOD UTILITIES**

	2016	2015
Contractually required employer contribution	\$ 630,869	\$ 609,678
Contributions in relation to the statutorily required contribution	630,869	609,678
Annual contributions deficiency (excess)	\$ -	\$ -
Employer's covered-employee payroll	\$ 4,005,517	\$ 3,870,971
Actual contributions as a percentage of covered-employee payroll	15.75%	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, 2016 measurement date used for September 30, 2016).

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 employer has only presented information for the years in which information is available.

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

	2016	2015
<b>Total pension liability</b>		
Service cost	\$ -	\$ 8,764
Interest	597,730	619,518
Change in benefit terms	-	-
Difference between expected and actual experience	(169,577)	(107,862)
Change of assumptions	-	239,110
Benefit payments, including refunds of employee contributions	(778,993)	(802,724)
<b>Net Change in total pension liability</b>	<b>(350,840)</b>	<b>(43,194)</b>
<b>Total pension liability - beginning</b>	<b>8,102,146</b>	<b>8,145,340</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 7,751,306</b>	<b>\$ 8,102,146</b>
<b>Plan fiduciary net position</b>		
Contributions - employer	\$ 465,290	\$ 501,221
Contributions - member	9,248	8,366
Net investment income	50,338	139,303
Benefit payments, including refunds of employee contributions	(778,993)	(802,724)
Administrative expense	(9,306)	(10,024)
Other changes	7,458	-
<b>Net change in plan fiduciary net position</b>	<b>(255,965)</b>	<b>(163,858)</b>
<b>Plan net position - beginning</b>	<b>3,228,556</b>	<b>3,392,414</b>
<b>Plan net position - ending (b)</b>	<b>\$ 2,972,591</b>	<b>\$ 3,228,556</b>
<b>Net pension liability - ending (a) - (b)</b>	<b>\$ 4,778,715</b>	<b>\$ 4,873,590</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>38.35%</b>	<b>39.85%</b>
<b>Covered-employee payroll*</b>	<b>N/A</b>	<b>N/A</b>
<b>Net pension liability (asset) as a percentage of covered-employee payroll*</b>	<b>N/A</b>	<b>N/A</b>

\*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.



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

	<u>2016</u>	<u>2015</u>
Actuarially determined contribution*	\$ 465,290	\$ 501,221
Contributions in relation to actuarially determined contributions	<u>465,290</u>	<u>501,221</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll*	N/A	N/A
Contributions as a percentage of covered-employee payroll	N/A	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.



**CITY OF GREENWOOD, MISSISSIPPI**  
**NOTES TO THE SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

**Pension Schedules**

**Schedules 1 and 2**

**(1) Change in Benefit Provisions**

**2016**

Effective July 1, 2016, the interest rate on employee contributions shall be calculated based on the money market rate as published by the Wall Street Journal on December 31 of each preceding year with a minimum rate of one percent and a maximum rate of five percent.

**(2) Change in Assumptions**

**2015**

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.

**2016**

The assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%.

**(3) Method and Assumptions Used in Calculations of Actuarially Determined Contributions**

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (2016 Employer contributions are developed from 2014 valuation). The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization method	29.2 years
Asset valuation method	Five year smoothed market
Inflation	3.50%
Salary increases	4.25 - 19.50%, including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation

**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, 2016 were based on the June 30, 2014 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, 2016

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
ANDREW POWELL	COUNCILMAN	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, 2016**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
Passed through program Mississippi Development Authority			
Community Development Block Grants/State's Program & Nonentitlement Grants in Hawaii	14.228	1132-15-200-ED-01	853,499
Home Investment Partnerships Program	14.239	1224-M12-SG-280-950	43,197
	14.239	1223-M11-SG-280-950-12	18,203
SUBTOTAL CFDA #14.239			61,400
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			914,899
<b>U.S. DEPARTMENT OF INTERIOR</b>			
Passed through Mississippi Department of Archives and History			
Historic Preservation Fund Grants-In-Aid	15.904	NOT APPLICABLE	5,500
TOTAL U.S. DEPARTMENT OF INTERIOR			5,500
<b>U.S. DEPARTMENT OF JUSTICE</b>			
Direct Programs:			
Bulletproof Vest Program	16.607	NOT APPLICABLE	2,655
Public Safety Partnership & Community Policing Grants-ARRA	16.710	2013UMWX0195	70,589
Passed through Mississippi Department of Public Safety:			
Violence Against Women Formula Grants-ARRA	16.588	14SL2131	25,951
Violence Against Women Formula Grants-ARRA	16.588	15SL2131	7,627
SUBTOTAL CFDA #16.588			33,578
TOTAL U.S. DEPARTMENT OF JUSTICE			106,822
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
Passed through Mississippi Department of Transportation:			
Highway Planning and Construction: (Federal-Aid Highway Program)	20.205	STP-9999-09(032)106638-306000	32,871
Highway Planning and Construction: (Federal-Aid Highway Program)-ARRA	20.205	DRA-8831-00(008)LPA/106059-801000	554,834
Highway Planning and Construction: (Federal-Aid Highway Program)-ARRA	20.205	STP-9495-00(003)LPA/106366-701000	255,572
Highway Planning and Construction: (Federal-Aid Highway Program)-ARRA	20.205	STP-9505-00(001)LPA/106683-701000	51,342
SUBTOTAL CFDA #20.205			894,619
Passed through Mississippi Department of Public Safety:			
Occupant Protection Incentive Grants	20.600	PT-2016-PT-21-31	10,396
Alcohol Open Container Requirements	20.607	154AL-2016-ST-21-31	51,652
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			956,667
<b>U. S. ENVIRONMENTAL PROTECTION AGENCY</b>			
Passed through Mississippi Department of Environmental Quality			
Capitalization Grants for Clean Water State Revolving Funds	66.458	SRF-C280-782-05	1,517,804
TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY			1,517,804
TOTAL			\$ 3,501,692



**CITY OF GREENWOOD, MISSISSIPPI**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For the Year Ended September 30, 2016**

**NOTE A - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Greenwood under programs of the federal government for the year ended September 30, 2016. The federal award activity of Greenwood Utilities, a blended component unit, is excluded from the schedule of expenditures of federal awards. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Greenwood, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Greenwood.

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE C - INDIRECT COST RATE**

The City of Greenwood has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE D - SUBRECIPIENTS**

There were no awards passed through to subrecipients.

**NOTE E - 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 Uniform Guidance. 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 F - LOANS PAYABLE**

In accordance with the Uniform Guidance, 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 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	<u>\$ 4,930,667</u>
Phase V wastewater treatment facility			
1.75% note dated November 9, 2013	66.458	SRF-C280782-05-1	<u>\$ 38,321,548</u>

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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, 2016, 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 19, 2017.

**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.

*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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be material weaknesses: 2016-1.



### **Compliance and Other Matters**

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

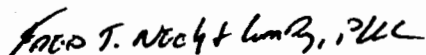
### **City of Greenwood, Mississippi's Response to Findings**

The City's response to the findings identified in our audit is described in the accompanying corrective action plan. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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



Greenwood, Mississippi  
June 19, 2017



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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 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, 2016. 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 questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, 2016.

**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 the Uniform Guidance, but not for the purpose of expressing an opinion on the



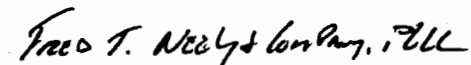
effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Greenwood, Mississippi's internal control over compliance.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Fred T. Neely & Company, PLLC



Greenwood, Mississippi  
June 19, 2017





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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, 2016 and have issued our report thereon dated June 19, 2017. 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 an immaterial instance of noncompliance with state laws and regulations presented as 2016-2 in the accompanying Schedule of Findings and Questioned Costs.

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

Fred T. Neely & Company, PLLC

Greenwood, Mississippi  
June 19, 2017

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**CITY OF GREENWOOD, MISSISSIPPI**  
**Summary Schedule of Prior Audit Findings**  
**Year Ended September 30, 2016**

**2015-1. Findings relating to Financial Statements Audit**

**Condition:** Since the City's books were maintained in accordance with state budgetary law, management requested the auditor's to assist in converting the City's 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 the auditors 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.

**2015-2. Findings relating to State Legal Compliance**

**Condition:** Expenditures exceeded the adopted budget in three functional category.

**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 and Questioned Costs**  
**Year Ended September 30, 2016**

**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 2 CFR 200.516(a)?   | No.            |
| 7. | Identification of major programs:  |                |
|    | CFDA 14.228 - Community Development Block Grants/State's Program and Nonentitlement Grants in Hawaii |                |
|    | CFDA 20.205 - Highway Planning and Construction  |                |
|    | CFDA 66.458 - Capitalization Grants for Clean Water State Revolving Funds                            |                |
| 8. | Dollar threshold used to distinguish between Type A and Type B programs:                             |                |
|    | \$750,000.   |                |
| 9. | Auditee qualified as a low-risk auditee?   | No.            |



**CITY OF GREENWOOD, MISSISSIPPI**  
**Schedule of Findings and Questioned Costs**  
**Year Ended September 30, 2016**

**SECTION II: FINANCIAL STATEMENT FINDINGS**

***MATERIAL WEAKNESS***

**2016-1: Financial Statements and Related Disclosures**

Condition: Since the City's books are maintained in accordance with state budgetary law, management requested auditors to assist in converting the City's 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 the auditors 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***

**2016-2: 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 one functional category.

**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 19, 2017

The City of Greenwood, Mississippi, respectfully submits the following corrective action plan for the year ended September 30, 2016.

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, 2016.

The findings from the 2016 Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

**FINDINGS – FINANCIAL STATEMENTS AUDIT**

***MATERIAL WEAKNESS***

**2016-1:**

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**

**2016-2:**

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  
City Clerk

