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*Report of Independent Auditors and Financial Statements
and Supplemental Information for*

The City of Greenwood, Mississippi

Greenwood, Mississippi
For the Year Ended September 30, 2020

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Financial Section

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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, 2020, 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 24 percent, -173 percent, and 47 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 54 percent, 77 percent, and 81 percent, respectively, of the assets, net position, and revenues of the business-type activities and proprietary funds. 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 of Greenwood, Mississippi, as of September 30, 2020, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 13, budgetary comparison information and pension schedules, on pages 74 through 78 and 79 through 84, 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 and other auditors 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, based on our audit, the procedures performed as described above, and the report of the other auditors, 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 August 16, 2021, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's 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
August 16, 2021

Management's Discussion and Analysis
(Unaudited)



The City of Greenwood, Mississippi

Management's Discussion and Analysis

(Unaudited)

September 30, 2020

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, 2020. The intent of this discussion and analysis is to look at the City's financial performance. 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 like 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 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, welfare and sanitation, culture and recreation, economic development, interest on long-term debt and miscellaneous appropriations. Business-type activities include sewer enterprise, solid waste enterprise and electric/water utilities. Fiduciary funds of which the City only has agency funds are reported in the fiduciary fund financial statement but are excluded from government-wide reporting. Fiduciary fund financial statements report resources that are not available to fund City programs. Fiduciary fund financial statements are reported in a manner similar 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



The City of Greenwood, Mississippi

Management's Discussion and Analysis

(Unaudited)

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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 in the financial statements section 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.

Fund financial statements 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 General Fund is the City's only major governmental 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 funds financial statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental funds information may be useful in evaluating the City's short-term obligations. The relationship between governmental activities and governmental funds is reconciled in the financial statements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds 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. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with their budgets. The basic governmental funds financial statements can be found in the financial statements section of this report.



The City of Greenwood, Mississippi

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Proprietary Funds

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

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

The basic proprietary fund financial statements can be found in the financial statements section of this report.

Notes to Financial Statements

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

Financial Highlights:

Key financial highlights for 2020 were as follows:

- The assets and deferred outflows of the City of Greenwood exceeded its liabilities and deferred inflows at the close of the 2020 fiscal year by \$79,759,777.
- The government's total net position increased by \$105,187.
- The total assets and deferred outflows of resources of governmental activities increased by \$6,483,769 from the prior year.
- The City's General Fund reported an ending fund balance of \$3,041,816, an increase of \$396,043 from the prior year ending fund balance of \$2,645,773. The City's other governmental funds reported a total ending fund balance of \$6,721,578, an increase of \$5,761,399 in comparison to prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$3,041,816 or 26% of total General Fund expenditures including transfers and 25% of total General Fund revenues including transfers, sale of personal property and proceeds from loans. These funds are available for spending at the government's discretion.
- The City's total debt is \$58,827,422. Debt in the amount of \$7,005,999 was issued in the current fiscal year; all of which was used for capital acquisition or capital projects. Debt in the amount of \$4,366,184 was repaid during the current fiscal year.



The City of Greenwood, Mississippi

Management's Discussion and Analysis

(Unaudited)

September 30, 2020

Financial Analysis of the City as a Whole

The reader 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 2020 compared to 2019.

Table 1
Statement of Net Position (Summary)

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets						
Current & other assets	\$ 16,722,391	\$10,447,562	\$ 25,983,849	\$26,091,689	\$ 42,706,240	\$ 36,539,251
Capital assets, net	51,779,995	52,351,523	88,581,805	91,220,948	140,361,800	143,572,471
Total assets	68,502,386	62,799,085	114,565,654	117,312,637	183,068,040	180,111,722
Deferred Outflows	1,198,945	418,477	1,053,888	354,991	2,252,833	773,468
Liabilities						
Current liabilities	1,023,219	909,451	3,802,766	4,145,657	4,825,985	5,055,108
Due within year	2,072,697	1,688,629	2,681,795	2,854,173	4,754,492	4,542,802
Due in more than year	36,091,232	30,028,344	53,218,935	54,604,061	89,310,167	84,632,405
Total liabilities	39,187,148	32,626,424	59,703,496	61,603,891	98,890,644	94,230,315
Deferred Inflows	6,152,236	6,417,395	518,216	582,890	6,670,452	7,000,285
Net position						
Net investment in capital assets	33,896,566	39,788,955	48,168,529	48,289,692	82,065,095	88,078,647
Restricted	682,590	577,859	-	-	682,590	577,859
Unrestricted	(10,217,209)	(16,193,071)	7,229,301	7,191,155	(2,987,908)	(9,001,916)
Total net position	\$ 24,361,947	\$ 24,173,743	\$ 55,397,830	\$ 55,480,847	\$ 79,759,777	\$ 79,654,590

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of resources of the City of Greenwood exceeded liabilities and deferred inflows of resources by \$79,759,777, as of September 30, 2020. Total assets and deferred outflows of resources increased \$4,435,683. Capital assets decreased by \$3,210,671. Net position of the City's governmental and business-type activities increased by \$105,187.

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. The City uses these capital assets to provide services to citizens; consequently, they are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate the related debt. There is a deficit of \$2,987,908 in unrestricted net position due to recording of unfunded pension liabilities under GASB 68 and the liability from the other postemployment benefits. Please refer to note 4.



The City of Greenwood, Mississippi

Management's Discussion and Analysis

(Unaudited)

September 30, 2020

Table 2 provides a summary of the Changes in Net Position government-wide for the year ended September 30, 2020, compared to the year ended September 30, 2019.

Table 2
Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues						
<u>Program revenues</u>						
Charges for services	\$ 1,431,662	\$1,078,086	\$ 33,965,733	\$33,669,517	\$ 35,397,395	\$ 34,747,603
Operating grants & contributions	560,708	387,895	-	3,113	560,708	391,008
Capital grants & contributions	713,425	4,243,611	-	-	713,425	4,243,611
<u>General revenues</u>						
Property taxes	5,401,454	5,217,976	-	-	5,401,454	5,217,976
Other taxes	5,155,831	4,810,076	-	-	5,155,831	4,810,076
Investment earnings	158,763	64,684	307,308	396,423	466,071	461,107
Other income (loss)	192,385	225,028	900,626	71,928	1,093,011	296,956
Total revenues	13,614,228	\$16,027,356	35,173,667	\$34,140,981	48,787,895	\$50,168,337
Expenses						
General government	1,955,858	1,913,800	-	-	1,955,858	1,913,800
Public safety	7,521,058	7,810,863	-	-	7,521,058	7,810,863
Public works	2,490,372	2,127,362	-	-	2,490,372	2,127,362
Health, welfare & sanitation	42,795	129,382	-	-	42,795	129,382
Culture & recreation	668,593	731,822	-	-	668,593	731,822
Economic development	924,016	363,485	-	-	924,016	363,485
Interest on debt	767,961	169,094	-	-	767,961	169,094
Miscellaneous	586,719	620,878	-	-	586,719	620,878
Sewer	-	-	5,707,223	5,550,542	5,707,223	5,550,542
Solid waste	-	-	1,905,998	2,230,760	1,905,998	2,230,760
Unemployment	-	-	1,058	1,063	1,058	1,063
Electric & water	-	-	26,111,057	35,026,752	26,111,057	35,026,752
Total expenses	14,957,372	13,866,686	33,725,336	42,809,117	48,682,708	56,675,803
Excess of revenues over expenditures	(1,343,144)	2,160,670	1,448,331	(8,668,136)	105,187	(6,507,466)
Transfers	1,531,348	1,413,757	(1,531,348)	(1,413,757)	-	-
Change in net position	188,204	3,574,427	(83,017)	(10,081,893)	105,187	(6,507,466)
Net position - beg	24,173,743	20,599,316	55,480,847	65,562,740	79,654,590	86,162,056
Net position - end	\$ 24,361,947	\$24,173,743	\$ 55,397,830	\$55,480,847	\$ 79,759,777	\$ 79,654,590



The City of Greenwood, Mississippi

Management's Discussion and Analysis

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Several aspects of the City's financial operations influenced the total change in net position:

- Increase in property tax collections of approximately \$180,000. Increased sales, franchise and other tax revenues increased approximately \$346,000, which is due to normal growth and the use tax received from The Mississippi Infrastructure Modernization Act of 2018.
- Grant money received decreased approximately \$3,400,000 in the current fiscal year. In 2019, the City received approximately \$4,200,000 in grant funding to aid in another expansion phase for Milwaukee Electric Tool Corporation. In the current year, the City only received the remaining CAP loan proceeds and completed the expansion project at the beginning of 2020.
- Additional depreciation expense of approximately \$550,000 was incurred as a result of the completion of the Milwaukee Electric Tool Corporation expansion project.
- The increase in net position is approximately \$105,000 more than the prior year. The City maintained a positive net position despite the struggles from shut downs due to Covid-19.
- The increase in net position before transfers in business-type activities is due to an approximate \$9,084,000 decrease in operating expenses and an increase in total operating revenues of approximately \$1,033,000.
- As compared to the prior year, the increase in net position for business-type activities is due to a decrease solid waste and electric and water operating expenditures, a legal settlement received in the sewage enterprise fund, and a decrease in purchased power expenses for Greenwood Utilities. Greenwood Utilities decreased electric consumption from 279.3 million KWH in 2019 to 258.7 million KWH in 2020.
- The decrease in overall operating expenses is in large part due to the Greenwood Utilities' write-off of the regulatory asset related to unrecovered plant assets and regulatory costs related to the retirement of the electric generating plant in 2019. Due to historical operating losses of its generating plant, Greenwood Utilities conducted engineering and financial studies during 2018. As a result, the Board of Commissioners voted to retire the electric generating plant assets effective May 31, 2018. This resulted in the retirement of \$8,792,232 in capital assets, net. The remaining value in the electric generating plant was recorded as a regulatory asset that was to be amortized over ten years starting October 1, 2019. During 2019, the Board of Commissioners voted to fully write-off the balance of the unrecovered plant assets and regulatory costs related to the retirement of the electric generating plant assets effective September 30 2019. The write-off of the regulatory asset will better reflect the financial position of Greenwood Utilities and the results of its operations in 2020 and future years.

Governmental Activities

Several revenue sources fund our Governmental Activities. Under the accrual basis of accounting, sales and use taxes accounted for \$4,905,951 or 45% of general revenues less transfers and property taxes accounted for \$5,401,454 or 50% of general revenues less transfers.

Major expense activities, under the accrual basis of accounting, include public safety which accounted for 50% of total governmental activities expenses, public works accounted for 17% and general government accounted for 13%. The City of Greenwood is committed to providing the best services possible for its citizens.



The City of Greenwood, Mississippi

Management's Discussion and Analysis

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Business-type Activities

User fees fund our business-type activities. User fees accounted for \$33,965,733 or 99.1% of gross revenues (excluding special items) with investment earnings and grants and contributions accounting for the remaining .9% of gross revenues.

Major expense activities include electric and water which accounted for 77% of total business-type expenses (excluding special items), sewer accounted for 17% and solid waste accounted for 6%.

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. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$3,041,816 compared to \$2,645,773 in 2019.

As of the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$9,763,394, an increase of \$6,157,442 in comparison with the prior year. \$3,041,816 constitutes unassigned fund balance that is available for spending at the City's discretion. Of the remaining fund balance, restricted and assigned fund balances are as follows:

	Restricted	Assigned
Public safety	\$ 59,401	\$ 43,385
Public works	199,294	-
Culture & recreation	-	2,434
Health and welfare	7,987	-
Economic development & assistance	162,064	88,265
Special projects	-	4
Debt service	6,158,744	-
	<u>\$ 6,587,490</u>	<u>\$ 134,088</u>

These funds are accounted for using the modified accrual basis of accounting. Total governmental revenues were \$13,630,409 and total governmental expenditures were \$15,596,719. Total other financing sources (uses) for governmental funds were \$8,123,752. See the financial highlights section for more information on the change in fund balance from the prior year.

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 2020, the City amended its general fund budget as needed. Recommendations for a budget amendment originate with the



The City of Greenwood, Mississippi

Management's Discussion and Analysis

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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 other financing sources were \$11,994,277 and final budgeted revenues including other financing sources were \$12,474,277. Actual revenues including transfers were \$11,783,474 on the budgetary basis. The General Fund's original budgeted operating expenditures including transfers were \$11,926,193 compared to the final budget amount of \$12,922,307. Actual expenditures including transfers were \$11,946,643 on the budgetary basis.

Capital Assets and General Long-Term Obligations

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.

Capital Assets—In accordance with GASB 34, the City has recorded depreciation expense associated with all of its capital assets, including infrastructure. The City's investment in capital assets for its governmental and business-type activities as of September 30, 2020, amounted to \$140,361,800, net of accumulated depreciation of \$75,393,406. This investment in capital assets includes land, buildings, improvements other than buildings, machinery & equipment, infrastructure, and construction in progress.

Table 3 compares the capital assets (net of depreciation) of the City at September 30, 2020 to 2019 amounts as follows:

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 3,382,646	\$ 3,382,646	\$ 601,020	\$601,020	\$ 3,983,666	\$ 3,983,666
Infrastructure	14,325,890	14,888,039	51,157,715	53,371,735	65,483,605	68,259,774
Building & improvements	30,870,493	18,076,458	-	-	30,870,493	18,076,458
Equipment & furniture	548,068	544,792	143,116	188,942	691,184	733,734
Mobile equipment	1,668,691	1,792,448	782,739	558,934	2,451,430	2,351,382
Utilities plant assets	-	-	35,100,536	35,666,805	35,100,536	35,666,805
CIP	984,207	13,667,140	796,679	833,512	1,780,886	14,500,652
Total	\$ 51,779,995	\$ 52,351,523	\$ 88,581,805	\$ 91,220,948	\$ 140,361,800	\$ 143,572,471



The City of Greenwood, Mississippi

Management's Discussion and Analysis

(Unaudited)

September 30, 2020

Long-Term Obligations

Table 4 compares the total outstanding long-term obligations of the City at September 30, 2020 to 2019 amounts as follows:

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
G.O Bonds	\$ 10,914,000	\$ 5,306,000	\$ -	\$ -	\$ 10,914,000	\$ 5,306,000
Urban Revenue Bond	1,314,815	1,537,037	-	-	1,314,815	1,537,037
Notes Payable	4,833,397	4,836,520	457,884	482,630	5,291,281	5,319,150
State Revolving Loans	-	-	39,596,504	41,945,636	39,596,504	41,945,636
Sewer Revenue Bonds	-	-	185,000	475,000	185,000	475,000
Capital leases	712,302	832,026	145,215	-	857,517	832,026
Compensated absences	270,611	324,706	397,694	448,052	668,305	772,758
Total	\$ 18,045,125	\$ 12,836,289	\$ 40,782,297	\$ 43,351,318	\$ 58,827,422	\$ 56,187,607

The increase in long-term obligations from the prior year is a result of a \$6,314,000 2019 Tax Exempt Public Improvement General Obligation bond issued on December 18, 2020. City's Debt issuance costs and other fiscal charges associated with the issuance were included in total expenditures in 2020. The bond issuance provides funds to the City to pay for, but not limited to, capital improvement projects, such as, paving streets and repairing, improving and extending sanitation, storm, drainage and sewerage systems.

The City's legal debt margin for the issuance of general obligation bonds at September 30, 2020, was \$9,644,820. Additional information on the City of Greenwood's long-term debt can be found in Note 3.

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. To date, the Company has created approximately 700 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 which was renovated in the current year. This industry-leading manufacturer of heavy-duty portable electric power tools and accessories now employs nearly 700 people, with more job growth this year with Expansion Phase III.

The City of Greenwood has obtained a grant from Mississippi Department of Transportation for the Fulton Streetscape Project. Work on this project began in fall of 2020 and is expected to be completed in 2021. It will enhance the historic look of our streets and match the appeal of Main and Howard Streets.



The City of Greenwood, Mississippi

Management's Discussion and Analysis

(Unaudited)

September 30, 2020

Recently, our community, with the encouragement of the Delta Council, became an ACT Work Ready Community, which signifies it has the workforce to meet the needs of many businesses. The designation was achieved after a specified number of current workers or future members of the workforce took an exam that measured their aptitude in skills such as reading and mathematics. Hopefully, attaining this designation will attract more industry and businesses to our area.

In March of 2020, the COVID-19 pandemic began and has escalated rapidly, with a significant number of cases. The COVID-19 virus has affected economic activity. The City of Greenwood has taken a number of measures to mitigate the effects of COVID-19, such as safety and health measures for our people.

Prior to the pandemic, our unemployment rate was the lowest it has been in years. We have gone from double digit unemployment (as high as 15%) to 6.2%, and 7.3% for the prior to yours. At the end of the fiscal year 2020, our unemployment rate increased to 10.2, however, as of the date of this report, the City is down to an 8.1% unemployment rate.

Despite recent setbacks, the City of Greenwood continues to grow its existing industry base and recruit new business without a significant 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.

Basic Financial Statements

City of Greenwood, Mississippi

Statement of Net Position

September 30, 2020

	Primary Government			
	Governmental	Business-type		Component
	Activities	Activities	Total	Units
Assets				
Current assets				
Cash and equivalents	\$ 9,340,525	\$ 10,898,456	\$ 20,238,981	\$ 735,918
Temporary cash investments	135,174	1,361,719	1,496,893	-
Accounts receivable, net	-	4,068,976	4,068,976	20,071
Property tax receivables	5,790,112	-	5,790,112	-
Other receivables	67,767	32,361	100,128	-
Internal balances	(18,890)	18,890	-	-
Due from other governmental agencies	1,386,599	-	1,386,599	85,699
Inventories	-	966,255	966,255	-
Prepays	21,104	131,826	152,930	12,118
Total current assets	16,722,391	17,478,483	34,200,874	853,806
Restricted assets				
Cash and cash equivalents	-	4,656,057	4,656,057	297,634
Temporary cash investments	-	3,838,281	3,838,281	-
Interest receivable	-	3,183	3,183	-
Total restricted assets	-	8,497,521	8,497,521	297,634
Non-current assets				
Other long-term receivables	-	7,845	7,845	-
Capital assets, net of depreciation				
Land	3,382,646	601,020	3,983,666	-
Infrastructure	14,325,890	51,157,715	65,483,605	-
Building and improvements	30,870,493	-	30,870,493	32,251
Equipment and furniture	548,068	143,116	691,184	20,322
Library books and materials	-	-	-	115,309
Mobile equipment	1,668,691	782,739	2,451,430	2,578
Electric and water production plant	-	4,419,828	4,419,828	-
Electric and water distribution plant	-	29,166,023	29,166,023	-
Electric and water general plant	-	1,514,685	1,514,685	-
Construction in progress	984,207	796,679	1,780,886	-
Total non-current assets	51,779,995	88,589,650	140,369,645	170,460
Total assets	68,502,386	114,565,654	183,068,040	1,321,900
Deferred Outflow of Resources				
Pension	1,198,945	1,053,888	2,252,833	71,356
Total deferred outflows of resources	1,198,945	1,053,888	2,252,833	71,356

	Primary Government			Component Units
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	
Liabilities				
<u>Current liabilities</u>				
Accounts payable and accrued expenses	909,019	1,644,244	2,553,263	50,215
Due to other governmental agencies	2,883	114,792	117,675	-
Other payables	86,452	100,624	187,076	-
Deferred revenue	24,865	-	24,865	305
Total current liabilities	<u>1,023,219</u>	<u>1,859,660</u>	<u>2,882,879</u>	<u>50,520</u>
<u>Payables from restricted assets</u>				
Revenue bonds payable	-	185,000	185,000	-
Customer deposits	-	1,734,106	1,734,106	-
Unemployment compensation allowance	-	24,000	24,000	-
Total payables from restricted assets	<u>-</u>	<u>1,943,106</u>	<u>1,943,106</u>	<u>-</u>
<u>Long-term liabilities - due in one year</u>				
Bonds, capital leases, notes and contracts	1,693,171	2,489,082	4,182,253	-
Accrued interest	108,915	28,673	137,588	-
Accrued compensated absences	270,611	164,040	434,651	5,998
Total long-term liabilities - due in a year	<u>2,072,697</u>	<u>2,681,795</u>	<u>4,754,492</u>	<u>5,998</u>
<u>Non-current liabilities</u>				
Accrued compensated absences	-	233,654	233,654	4,288
Bonds, capital leases, notes and contracts	16,081,343	37,710,521	53,791,864	-
Net pension liability	20,009,889	15,274,760	35,284,649	837,422
Total non-current liabilities	<u>36,091,232</u>	<u>53,218,935</u>	<u>89,310,167</u>	<u>841,710</u>
Total liabilities	<u>39,187,148</u>	<u>59,703,496</u>	<u>98,890,644</u>	<u>898,228</u>
Deferred Inflows of Resources				
Unavailable revenue - property taxes	5,786,632	-	5,786,632	-
Bond premium	-	9,061	9,061	-
Pension	365,604	509,155	874,759	221,799
Total deferred inflows of resources	<u>6,152,236</u>	<u>518,216</u>	<u>6,670,452</u>	<u>221,799</u>
Net Position				
Net investment in capital assets	33,896,566	48,168,529	82,065,095	170,460
Restricted	682,590	-	682,590	64,770
Unrestricted	(10,217,209)	7,229,301	(2,987,908)	37,999
Total net position	<u>\$ 24,361,947</u>	<u>\$ 55,397,830</u>	<u>\$ 79,759,777</u>	<u>\$ 273,229</u>

City of Greenwood, Mississippi
Statement of Activities
For the Year Ended September 30, 2020

Functions/Programs					Net (Expense) Revenue and Changes in Net Position			
	Program Revenues				Primary Government			Component Units
	Expenses	Charges for Services	Grants & Contributions Operating	Capital	Governmental Activities	Business-Type Activities	Total	
Primary government								
<i>Governmental activities</i>								
General government	\$ 1,955,858	\$ 83,906	\$ 9,048	\$ -	\$ (1,862,904)		\$ (1,862,904)	
Public safety	7,521,058	184,650	538,358	-	(6,798,050)		(6,798,050)	
Public works	2,490,372	138,361	13,202	713,425	(1,625,384)		(1,625,384)	
Health, welfare and sanitation	42,795	-	-	-	(42,795)		(42,795)	
Culture and recreation	668,593	14,116	100	-	(654,377)		(654,377)	
Economic development	924,016	109,992	-	-	(814,024)		(814,024)	
Miscellaneous appropriations	586,719	-	-	-	(586,719)		(586,719)	
Interest and fiscal charges on long-term debt	767,961	900,637	-	-	132,676		132,676	
Total governmental activities	14,957,372	1,431,662	560,708	713,425	(12,251,577)		(12,251,577)	
<i>Business-type activities</i>								
Sewer	5,707,223	3,832,788	-	-		\$ (1,874,435)	(1,874,435)	
Solid waste	1,905,998	2,006,114	-	-		100,116	100,116	
Unemployment compensation	1,058	-	-	-		(1,058)	(1,058)	
Electric and water	26,111,057	28,126,831	-	-		2,015,774	2,015,774	
Total business-type activities	33,725,336	33,965,733	-	-		240,397	240,397	
Total primary government	\$ 48,682,708	\$ 35,397,395	\$ 560,708	\$ 713,425	(12,251,577)	240,397	(12,011,180)	
Component Units								
Tourism Commission	\$ 471,994	\$ -	\$ 35,812	\$ -				\$ (436,182)
Public Library	547,496	11,125	104,991	-				(431,380)
Total component units	\$ 1,019,490	\$ 11,125	\$ 140,803	\$ -				(867,562)
General revenues								
Taxes:								
Property taxes, levied for general purposes					4,803,766	-	4,803,766	-
Property taxes, levied for specific purposes					597,688	-	597,688	-
Franchise taxes					249,880	-	249,880	-
Sales and use taxes					4,905,951	-	4,905,951	520,205
Payments from the city and county					-	-	-	382,004
Grants & contributions not restricted to specific programs					212,478	-	212,478	5,403
Unrestricted investment earnings					158,763	307,308	466,071	4,441
Miscellaneous					-	-	-	1,049
<i>Special items—</i>								
Gain (Loss) on disposal and sale of assets					(20,093)	105,626	85,533	(1,193)
Proceeds from legal settlement					-	775,000	775,000	-
Capital contributions					-	20,000	20,000	-
Transfers, net					1,531,348	(1,531,348)	-	-
Total general revenues, special items and transfers					12,439,781	(323,414)	12,116,367	911,909
Change in net position					188,204	(83,017)	105,187	44,347
Net position - beginning					24,173,743	55,480,847	79,654,590	231,682
Prior period adjustment					-	-	-	(2,800)
Net position - beginning, as restated					24,173,743	55,480,847	79,654,590	228,882
Net position - ending					\$ 24,361,947	\$ 55,397,830	\$ 79,759,777	\$ 273,229

City of Greenwood, Mississippi

Balance Sheet

Governmental Funds

September 30, 2020

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Cash and cash equivalents	\$ 2,037,194	\$ 7,118,981	\$ 9,156,175
Investments	135,174	-	135,174
Property taxes receivable, net	5,042,018	748,094	5,790,112
Other receivables	53,720	-	53,720
Intergovernmental receivables	1,187,772	200,025	1,387,797
Due from other funds	27,406	-	27,406
Total assets	<u>\$ 8,483,284</u>	<u>\$ 8,067,100</u>	<u>\$ 16,550,384</u>
Liabilities			
Accounts payable	\$ 170,539	\$ 540,480	\$ 711,019
Due to other funds	-	27,406	27,406
Deferred revenues	-	24,865	24,865
Other accrued expenses	197,427	573	198,000
Other payables	34,569	4,499	39,068
Total liabilities	<u>402,535</u>	<u>597,823</u>	<u>1,000,358</u>
Deferred Inflows of Resources			
Unavailable revenue - property taxes	<u>5,038,933</u>	<u>747,699</u>	<u>5,786,632</u>
Fund Balances			
Restricted	-	6,587,490	6,587,490
Assigned	-	134,088	134,088
Unassigned	3,041,816	-	3,041,816
Total fund balances	<u>3,041,816</u>	<u>6,721,578</u>	<u>9,763,394</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 8,483,284</u>	<u>\$ 8,067,100</u>	<u>\$ 16,550,384</u>

City of Greenwood, Mississippi

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position September 30, 2020

Total fund balance, governmental funds	\$ 9,763,394
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.	51,779,995
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.	21,104
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	128,042
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.	(18,154,040)
Net pension obligations recorded in governmental activities are not a financial resource and therefore are not reported in the governmental funds.	
Net pension liability	(20,009,889)
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	1,198,945
Deferred inflows of resources related to pensions	(365,604)
Net Position of Governmental Activities in the Statement of Net Position	<u>\$ 24,361,947</u>

City of Greenwood, Mississippi

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended September 30, 2020

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues			
Property taxes	\$ 4,803,766	\$ 597,688	\$ 5,401,454
General sales tax	4,754,845	-	4,754,845
Fees and fines	132,156	11,777	143,933
Licenses and permits	344,083	-	344,083
Intergovernmental	690,207	1,082,355	1,772,562
Charges for services	24,995	-	24,995
Investment earnings	35,945	118,907	154,852
Miscellaneous	16,875	1,016,810	1,033,685
Total revenues	<u>10,802,872</u>	<u>2,827,537</u>	<u>13,630,409</u>
Expenditures			
Current:			
General government	1,833,169	122,087	1,955,256
Public safety	6,902,036	118,455	7,020,491
Public works	1,374,092	472,921	1,847,013
Health and welfare	-	42,796	42,796
Culture and recreation	470,960	12,067	483,027
Miscellaneous appropriations	579,655	7,064	586,719
Economic development and assistance	-	13,760	13,760
Debt Service:			
Principal	216,684	1,110,557	1,327,241
Interest and other charges	12,191	495,245	507,436
Bond issuance cost	-	260,525	260,525
Capital Outlay	375,103	1,177,352	1,552,455
Total expenditures	<u>11,763,890</u>	<u>3,832,829</u>	<u>15,596,719</u>
Excess (deficiency) of revenues over expenditures	<u>(961,018)</u>	<u>(1,005,292)</u>	<u>(1,966,310)</u>
Other Financing Sources (Uses)			
Proceeds from loans	-	6,590,172	6,590,172
Sale of personal property	2,232	-	2,232
Transfers in	1,456,324	515,086	1,971,410
Transfers out	(101,495)	(338,567)	(440,062)
Total other financing sources and uses	<u>1,357,061</u>	<u>6,766,691</u>	<u>8,123,752</u>
Net change in fund balances	<u>396,043</u>	<u>5,761,399</u>	<u>6,157,442</u>
Fund balances - beginning	<u>2,645,773</u>	<u>960,179</u>	<u>3,605,952</u>
Fund balances - ending	<u>\$ 3,041,816</u>	<u>\$ 6,721,578</u>	<u>\$ 9,763,394</u>

City of Greenwood, Mississippi

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures of Governmental Funds to the Statement of Activities For the Year Ended September 30, 2020

Net change in fund balances - total governmental funds:	\$ 6,157,442
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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 exceeded depreciation in the current period.

	(549,204)
--	-----------

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.

	(22,325)
--	----------

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.

	(5,262,931)
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Some expenditures reported in the governmental funds are not expenses of the current period and are reported as prepayments in the Statement of Activities.

Prepaid insurance not reflected in the governmental Funds	(2,560)
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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	(57,930)
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Accrued compensated absences not reflected in the governmental funds	54,095
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The Statement of Activities reports pension expenditures and other activity related to the net pension liability.

	(221,970)
--	-----------

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.

	93,587
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Change in net position of governmental activities	\$ 188,204
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City of Greenwood, Mississippi

Statement of Net Position

Proprietary Funds

September 30, 2020

Assets	<u>Sewage</u> <u>Enterprise</u>	<u>Greenwood</u> <u>Utilities</u>	<u>Other</u> <u>Enterprise</u>	<u>Total</u>	<u>Internal</u> <u>Service</u>
<u>Current assets</u>					
Cash and cash equivalents	\$ 151,370	\$ 10,428,543	\$ 318,543	\$ 10,898,456	\$ 184,351
Investments	-	1,361,719	-	1,361,719	-
Accounts receivable, net	-	4,068,976	-	4,068,976	12,849
Due from other funds	1,092,799	73,132	147,669	1,313,600	-
Other receivables	800	31,561	-	32,361	-
Inventories	-	966,255	-	966,255	-
Prepaid expenses	12,662	110,721	8,443	131,826	-
Total current assets	<u>1,257,631</u>	<u>17,040,907</u>	<u>474,655</u>	<u>18,773,193</u>	<u>197,200</u>
<u>Restricted assets</u>					
Cash and cash equivalents	488,805	4,167,252	-	4,656,057	-
Investments	-	3,838,281	-	3,838,281	-
Interest receivable	-	3,183	-	3,183	-
Total restricted assets	<u>488,805</u>	<u>8,008,716</u>	<u>-</u>	<u>8,497,521</u>	<u>-</u>
<u>Non-current assets</u>					
Other long-term receivables	-	7,845	-	7,845	-
Construction in progress	-	796,679	-	796,679	-
Land	81,500	519,520	-	601,020	-
Infrastructure	67,621,769	-	-	67,621,769	-
Equipment and furniture	723,131	-	334,481	1,057,612	-
Mobile equipment	314,159	-	2,507,280	2,821,439	-
Electric and water production plant	-	5,417,488	-	5,417,488	-
Electric and water distribution plant	-	55,030,013	-	55,030,013	-
Electric and water general plant	-	7,304,700	-	7,304,700	-
Less: accumulated depreciation	<u>(17,271,159)</u>	<u>(32,651,665)</u>	<u>(2,146,091)</u>	<u>(52,068,915)</u>	<u>-</u>
Total non-current assets	<u>51,469,400</u>	<u>36,424,580</u>	<u>695,670</u>	<u>88,589,650</u>	<u>-</u>
Total assets	<u>53,215,836</u>	<u>61,474,203</u>	<u>1,170,325</u>	<u>115,860,364</u>	<u>197,200</u>
<u>Deferred Outflows of Resources</u>					
Pension	107,271	818,497	128,120	1,053,888	-
Total deferred outflows of resources	<u>107,271</u>	<u>818,497</u>	<u>128,120</u>	<u>1,053,888</u>	<u>-</u>

	<u>Sewage</u>	<u>Greenwood</u>	<u>Other</u>		<u>Internal</u>
Liabilities	Enterprise	Utilities	Enterprise	Total	Service
<u>Current liabilities</u>					
Accounts payable and accrued expenses	107,027	1,420,642	116,575	1,644,244	47,388
Accrued interest payable	28,673	-	-	28,673	-
Due to other funds	-	1,313,600	-	1,313,600	-
Payable to other governments	-	114,792	-	114,792	-
Other payables	-	100,624	-	100,624	-
Accrued compensated absences	25,285	108,241	30,514	164,040	-
Capital lease obligations	-	-	71,950	71,950	-
State revolving loans payable	2,289,821	127,311	-	2,417,132	-
Total current liabilities	2,450,806	3,185,210	219,039	5,855,055	47,388
<u>Payable from restricted assets</u>					
Revenue bonds payable	185,000	-	-	185,000	-
Customer deposits	-	1,734,106	-	1,734,106	-
Unemployment allowance	-	24,000	-	24,000	-
Total payable from restricted assets	185,000	1,758,106	-	1,943,106	-
<u>Non-current liabilities</u>					
Accrued compensated absences	-	233,654	-	233,654	-
Capital lease obligations	-	-	73,266	73,266	-
State revolving loans payable	35,368,815	2,268,440	-	37,637,255	-
Net pension liability	1,537,979	11,899,879	1,836,902	15,274,760	-
Total non-current liabilities	36,906,794	14,401,973	1,910,168	53,218,935	-
Total liabilities	39,542,600	19,345,289	2,129,207	61,017,096	47,388
Deferred Inflows of Resources					
Bond premium	9,061	-	-	9,061	-
Pension	34,904	432,561	41,690	509,155	-
Total deferred inflows of resources	43,965	432,561	41,690	518,216	-
Net Position					
Net investment in capital assets	13,597,091	34,020,984	550,454	48,168,529	-
Unrestricted	139,451	8,493,866	(1,422,906)	7,210,411	149,812
Total net position	\$ 13,736,542	\$ 42,514,850	\$ (872,452)	\$ 55,378,940	\$ 149,812

City of Greenwood, Mississippi

Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Funds

For the Year Ended September 30, 2020

	<u>Sewage</u> <u>Enterprise</u>	<u>Greenwood</u> <u>Utilities</u>	<u>Other</u> <u>Enterprise</u>	<u>Total</u>	<u>Internal</u> <u>Service</u>
Operating Revenues					
Charges for services	\$ 3,826,638	\$ 27,731,788	\$ 1,981,948	\$ 33,540,374	\$ 1,045,764
Reinsurance funds	-	-	-	-	42,703
Miscellaneous	6,150	395,043	24,166	425,359	2,501
Total operating revenues	<u>3,832,788</u>	<u>28,126,831</u>	<u>2,006,114</u>	<u>33,965,733</u>	<u>1,090,968</u>
Operating Expenses					
Personal services	732,538	-	914,230	1,646,768	-
Contractual services	1,807,304	-	744,294	2,551,598	-
Other supplies and expenses	190,314	-	171,856	362,170	-
Insurance claims and expenses	-	-	-	-	983,598
Generating expenses	-	14,927,461	-	14,927,461	-
Distribution expenses	-	2,731,739	-	2,731,739	-
General and administrative expenses	-	4,663,784	-	4,663,784	-
Customer account expenses	-	375,395	-	375,395	-
Production expenses	-	632,378	-	632,378	-
Sales expenses	-	23,728	-	23,728	-
Meter reading	-	437,041	-	437,041	-
Depreciation	2,286,107	2,061,791	85,929	4,433,827	-
Total operating expenses	<u>5,016,263</u>	<u>25,853,317</u>	<u>1,916,309</u>	<u>32,785,889</u>	<u>983,598</u>
Operating income (loss)	<u>(1,183,475)</u>	<u>2,273,514</u>	<u>89,805</u>	<u>1,179,844</u>	<u>107,370</u>
Non-Operating Revenues (Expenses)					
Interest and investment revenue	18,492	286,651	2,165	307,308	3,910
Interest expense	(702,455)	(48,040)	-	(750,495)	-
Amortization of bond premium	5,176	-	-	5,176	-
Utility appropriations					
Greenwood Public Schools	-	(150,000)	-	(150,000)	-
Other	-	(59,700)	-	(59,700)	-
Gain (loss) on disposal and sale of assets	-	5,009	100,617	105,626	-
Total non-operating revenue (expenses)	<u>(678,787)</u>	<u>33,920</u>	<u>102,782</u>	<u>(542,085)</u>	<u>3,910</u>
Income (loss) before contributions and transfers	<u>(1,862,262)</u>	<u>2,307,434</u>	<u>192,587</u>	<u>637,759</u>	<u>111,280</u>
Capital & operating grants and contributions	-	20,000	-	20,000	-
Proceeds from legal settlement	775,000	-	-	775,000	-
Transfers in	549,077	-	-	549,077	-
Transfers out	(25,211)	(2,050,214)	(5,000)	(2,080,425)	-
Change in net position	<u>(563,396)</u>	<u>277,220</u>	<u>187,587</u>	<u>(98,589)</u>	<u>111,280</u>
Total net position - beginning	<u>14,299,938</u>	<u>42,237,630</u>	<u>(1,060,039)</u>	<u>55,477,529</u>	<u>38,532</u>
Total net position - ending	<u>\$ 13,736,542</u>	<u>\$ 42,514,850</u>	<u>\$ (872,452)</u>	<u>\$ 55,378,940</u>	<u>\$ 149,812</u>
Change in net position, per above				\$ (98,589)	
Internal service funds are used to charge costs of certain activities to individual funds. The net change of certain internal service funds is reported with Business Activities.				15,572	
Change in net position - business-type activities per government-wide statements				<u>\$ (83,017)</u>	

City of Greenwood, Mississippi
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2020

	<u>Sewage</u> <u>Enterprise</u> <u>Fund</u>	<u>Greenwood</u> <u>Utilities Fund</u>	<u>Other</u> <u>Enterprise</u> <u>Funds</u>	<u>Total</u>	<u>Internal</u> <u>Service Fund</u>
Cash flows from operating activities					
Receipts from customers and users	\$ 3,812,595	\$ 26,667,272	\$ 2,015,621	\$ 32,495,488	\$ -
Receipts from Greenwood Public Schools	-	728,627	-	728,627	-
Receipts from the Greenwood-Leflore Industrial Board and other agencies	-	131,339	-	131,339	-
Receipts from governmental funds	-	181,800	-	181,800	-
Payments for interfund services provided	(35,632)	-	-	(35,632)	1,045,764
Receipts from governments	-	-	3,113	3,113	49,544
Receipts for sewer & solid waste collections for others	-	5,806,601	-	5,806,601	-
Receipts from customer meter deposits	-	151,918	-	151,918	-
Receipts from other revenue	781,150	365,445	24,166	1,170,761	2,501
Payments for claims	-	-	(1,058)	(1,058)	(1,003,538)
Payments to governmental funds	-	-	(74,832)	(74,832)	-
Payments to suppliers for goods and services	(2,202,000)	(19,678,146)	(916,944)	(22,797,090)	-
Payments to employees	(698,560)	(3,876,926)	(875,354)	(5,450,840)	-
Payments for sewer and solid waste collections for others	-	(5,683,037)	-	(5,683,037)	-
Payments for customer meter deposit refunds	-	(79,515)	-	(79,515)	-
Net cash provided by (used for) operating activities	<u>1,657,553</u>	<u>4,715,378</u>	<u>174,712</u>	<u>6,547,643</u>	<u>94,271</u>
Cash flows from noncapital financing activities					
Transfers from governmental funds	549,077	-	-	549,077	-
Transfers to governmental funds	(25,211)	(2,050,214)	(5,000)	(2,080,425)	-
Net cash provided by (used for) noncapital financing activities	<u>523,866</u>	<u>(2,050,214)</u>	<u>(5,000)</u>	<u>(1,531,348)</u>	<u>-</u>
Cash flows from capital and related financing activities					
Acquisition and construction of capital assets	(90,162)	(1,446,129)	(268,857)	(1,805,148)	-
Proceeds from sale of capital assets	-	12,449	-	12,449	-
Insurance proceeds received from capital asset insurance claim	-	-	123,641	123,641	-
Loan proceeds	-	-	145,216	145,216	-
Principal paid on capital debt	(2,539,025)	(124,854)	-	(2,663,879)	-
Interest paid on capital debt	(701,772)	(48,040)	-	(749,812)	-
Net cash provided (used) for capital and related financing activities	<u>(3,330,959)</u>	<u>(1,606,574)</u>	<u>-</u>	<u>(4,937,533)</u>	<u>-</u>
Cash flows provided by (used for) investing activities					
Purchase of investment securities	-	(5,200,000)	-	(5,200,000)	-
Proceeds from sale/maturities of investments	-	13,450,000	-	13,450,000	-
Interest on investments	18,492	286,651	2,165	307,308	3,910
Net cash provided by (used for) investing activities	<u>18,492</u>	<u>8,536,651</u>	<u>2,165</u>	<u>8,557,308</u>	<u>3,910</u>
Net increase (decrease) in cash and cash equivalents	<u>(1,131,048)</u>	<u>9,595,241</u>	<u>171,877</u>	<u>8,636,070</u>	<u>98,181</u>
Cash and cash equivalents at beginning of year	1,771,223	5,000,554	146,666	6,918,443	86,170
Cash and cash equivalents at end of year	<u>\$ 640,175</u>	<u>\$ 14,595,795</u>	<u>\$ 318,543</u>	<u>\$ 15,554,513</u>	<u>\$ 184,351</u>

City of Greenwood, Mississippi
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2020

	<u>Sewage</u> <u>Enterprise</u> <u>Fund</u>	<u>Greenwood</u> <u>Utilities Fund</u>	<u>Other</u> <u>Enterprise</u> <u>Funds</u>	<u>Total</u>	<u>Internal</u> <u>Service Fund</u>
Reconciliation of operating income to net cash provided (used) by operating activities:					
Operating income (loss)	\$ (408,475)	\$ 2,273,514	\$ 89,805	\$ 1,954,844	\$ 107,370
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation expense	2,286,107	2,061,791	85,929	4,433,827	-
Utility appropriations to the Greenwood Public School District	-	(150,000)	-	(150,000)	-
Utility appropriations to other agencies	-	(59,700)	-	(59,700)	-
Provisions for bad debts	-	82,831	-	82,831	-
(Increase) decrease in accounts receivables, net	-	114,852	-	114,852	6,841
(Increase) decrease in due from other governments	-	376	3,113	3,489	-
(Increase) decrease in due from other funds	(14,043)	(263)	33,673	19,367	-
(Increase) decrease in other receivables	-	(34,339)	-	(34,339)	-
(Increase) decrease in inventories	-	(12,340)	-	(12,340)	-
(Increase) decrease in prepaid expenses	1,536	427,638	1,023	430,197	-
Increase (decrease) in accounts payable	(205,918)	(545,318)	(1,817)	(753,053)	(19,942)
Increase (decrease) in customer deposits	-	72,403	-	72,403	-
Increase (decrease) in accrued compensated absences	(1,917)	(43,388)	(5,053)	(50,358)	-
Increase (decrease) in due to other funds	(35,632)	263	(74,832)	(110,201)	-
Increase (decrease) in due to other governments	-	107,299	-	107,299	-
Increase (decrease) in sewer/solid waste collected for the city	-	16,002	-	16,002	-
Increase (decrease) in other payables	-	51,189	-	51,189	-
Increase (decrease) in sales tax payable	-	(6,105)	-	(6,105)	-
Increase (decrease) in pension related balances	35,895	358,673	42,871	437,439	-
Total adjustments	2,066,028	2,441,864	84,907	4,592,799	(13,101)
Net cash provided by (used for) operating activities	\$ 1,657,553	\$ 4,715,378	\$ 174,712	\$ 6,547,643	\$ 94,269

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	\$ 151,370	\$ 10,428,543	\$ 318,543	\$ 10,898,456	\$ 184,351
Restricted assets - cash and cash investments	488,805	4,167,252	-	4,656,057	-
Total cash and cash investments	<u>\$ 640,175</u>	<u>\$ 14,595,795</u>	<u>\$ 318,543</u>	<u>\$ 15,554,513</u>	<u>\$ 184,351</u>

City of Greenwood, Mississippi

Statement of Fiduciary Net Position

Fiduciary Funds

September 30, 2020

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	\$ 211,990
Property taxes receivable	<u>366,959</u>
Total assets	<u><u>\$ 578,949</u></u>
Liabilities	
Due to other governments	\$ 58,335
Accrued payroll taxes and benefits payable	150,055
Unavailable revenue - property taxes	366,959
Other liabilities	<u>3,600</u>
Total liabilities	<u><u>\$ 578,949</u></u>

Notes to Financial Statements

The City of Greenwood, Mississippi

Notes to Financial Statements

September 30, 2020

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 City has elected to apply all Governmental Accounting Standards Board (GASB) pronouncements, applicable Financial Accounting Standards Board (FASB) pronouncements, and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The accounting policies of the City conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

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, and (b) are reported on the full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net 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 City of Greenwood, Mississippi

Notes to Financial Statements

September 30, 2020

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.

C. Measurement Focus and Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

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 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 of Greenwood, Mississippi

Notes to Financial Statements

September 30, 2020

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.

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 non-operating revenues and expenses. 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. Greenwood Utilities first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

As the Board of Commissioners has the authority to set rates, Greenwood Utilities follows the regulated operations provisions of GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, and Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which provide for the reporting of assets and liabilities consistent with the economic effect of the rate structure. Under these provisions, regulatory assets are recorded to reflect probable future revenues associated with certain costs that are expected to be recovered from customers through the ratemaking process. Regulatory liabilities are recorded to reflect probable future reductions in revenues associated with amounts that are expected to be credited to customers through the ratemaking process.

Additionally, the City reports the following fund types:

Internal Service Fund - This 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 – These funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support City programs. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds. The purpose of the City’s agency funds is to collect and remit to the related organizations various revenues.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. 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 of Greenwood, Mississippi

Notes to Financial Statements

September 30, 2020

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. Component Units

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 to local customers in the immediate area. Greenwood Utilities 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 Greenwood Utilities may be obtained at its administrative office located at 101 Wright Place, Greenwood, Mississippi.

As discussed in Note 5, the electricity Greenwood Utilities generated was sold to Municipal Energy Agency of Mississippi (MEAM). The electricity that is sold to customers is purchased from MEAM. More electricity was purchased from MEAM than was generated, resulting in Greenwood Utilities being dependent on MEAM for purchased power.

The City of Greenwood, Mississippi

Notes to Financial Statements

September 30, 2020

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 Legislature passed a new bill, Senate Bill 3016, which extends the funding of the Greenwood Tourism Commission until September 30, 2020. 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

E. 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 \$2,558,907 of total receivables at September 30, 2020.

The City of Greenwood, Mississippi

Notes to Financial Statements

September 30, 2020

3. Investments

Investments, consisting only of certificates of deposit with a maturity date greater than ninety days of the date acquired, are stated at cost. Statutes authorize the City to invest in U.S. Government obligations, U.S. Government agency obligations, State of Mississippi obligations, and obligations of a corporation of the U.S. government. Investments owned during the year were the same as those held at year-end.

4. Restricted Assets

Restricted assets for Greenwood Utilities' board designations 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 "generation decommissioning reserve" account is available to be used for the decommissioning of the generation plant.
- The "group medical claims payable" account is used to finance medical claims under the Greenwood Utilities' self-insurance medical plan.

Sewage Enterprise restricted assets consist of a sewer revenue fund to hold sewer revenues until needed for operations and/or debt service and a debt service fund to accumulate funds to service the Sewage Enterprise debt.

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.

The City of Greenwood, Mississippi

Notes to Financial Statements

September 30, 2020

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
Generating/distribution systems	20-50 years
Electric and water distribution	33.3 years
Wells and storage tanks	33.3 years
Infrastructure	20-50 years
Improvements other than buildings	20 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. Long-lived Asset Impairment

The City and Greenwood Utilities evaluate the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value, and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended September 30, 2020.

8. Prepaid Items

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

The City of Greenwood, Mississippi

Notes to Financial Statements

September 30, 2020

9. Compensated Absences

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

During fiscal year 2019, Greenwood Utilities voted to use the same accrual schedule that the City of Greenwood uses for its employees' annual leave. The accrual rates were applied back to January 1, 2020. 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. The accumulation rates are as follows:

Years of Service Accrued Monthly

0-5 Years	6.67 Hours
5-10 Years	10.00 Hours
10-15 Years	11.33 Hours
15-20 Years	12.67 Hours
Over 20 Years	13.33 Hours

Payment of accrued vacation is made upon termination of employment if eligibility requirements are met. Payment of accrued sick leave is authorized only when the employee retires; no payment is made upon termination or resignation.

At September 30, 2020, the City and Greenwood Utilities had recorded both the current and long-term portion of the accumulated unpaid vacation and sick 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, 2020. The liability for sick leave is computed using the specific identification method, whereby the actual number of sick 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, 2020. The resulting liability to each employee is then increased to include social security, for both accrued vacation and sick leave, 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 vacation.

10. 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.

The City of Greenwood, Mississippi

Notes to Financial Statements

September 30, 2020

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) 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 deferred outflow category. The pension related balances reported in the balance sheet and statements of net position, which arise under a modified accrual basis of accounting, represent an amount that are deferred and recognized as an outflow 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 pension components of these balances are further explained in Note 4.

11. 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.

12. Revenues

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

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

13. Expenditures

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

The City of Greenwood, Mississippi

Notes to Financial Statements

September 30, 2020

14. Fund Equity

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in the funds can be spent.

In February 2009, the GASB issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions ("GASB Statement No. 54"), which became effective in fiscal 2011. Under GASB Statement No. 54, fund balance in governmental fund financial statements is classified as: non-spendable, restricted, committed, assigned, and unassigned. 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 has not adopted a fund balance policy as of September 30, 2020.

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.

The City of Greenwood, Mississippi

Notes to Financial Statements

September 30, 2020

15. 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.

16. Post-Employment Health Care and Life Insurance Benefits

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

17. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources and disclosures. Actual results could differ from those estimates.

18. Taxes Collected from Customers and Remitted to Governmental Authorities

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

19. Changes in Accounting Standards

The Governmental Accounting Standards Board issued GASB 95, Postponement of the Effective Dates of Certain Authoritative Guidance in May 2020. The objective of this Statement was to provide temporary relief to governments in light of the COVID-19 pandemic by postponing effective dates of certain Statements and Implementation Guides. The effective dates of GASB 83-84, GASB 88-93, and Implementation Guides No. 2017-3, 2018-1, 2019-1, and 2019-2 were postponed on year. The effective dates of GASB 87, Leases, and Implementation Guide No. 2019-3, *Leases*, were postponed eighteen months.

20. Reclassifications

Certain reclassifications have been made to the 2020 financial statements to conform to the 2020 presentation. The reclassifications have no effect on the change in net position.

The City of Greenwood, Mississippi

Notes to Financial Statements

September 30, 2020

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

The City of Greenwood, Mississippi

Notes to Financial Statements

September 30, 2020

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. The figures below 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.

	Originally <u>Adopted Budget</u>	Budget <u>As Amended</u>	Increase <u>(Decrease)</u>
General Fund	\$ 11,926,193	\$ 12,922,307	\$ 996,114
Other General Funds	177,108	281,613	104,505
Special Revenue Funds	152,107	2,859,712	2,707,605
Debt Service Funds	1,072,226	1,482,022	409,796
Capital Projects Funds	-	5,735,249	5,735,249
Enterprise Funds	15,125,041	15,255,257	130,216
Internal Service Fund	1,318,015	1,318,015	-
	<u>\$ 29,770,690</u>	<u>\$ 39,854,175</u>	<u>\$ 10,083,485</u>

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

General Fund	<u>Budget</u>	<u>Actual</u>	<u>Overage</u>
Fire Department			
Capital Outlay	\$ 12,000	\$ 14,526	\$ (2,526)
Park Division Maintenance			
Personal Services	\$ 150	\$ 173	\$ (23)
Other Services & Charges	\$ 2,000	\$ 2,451	\$ (451)
Capital Outlay	\$ -	\$ 780	\$ (780)
Amory Appropriations	\$ 8,000	\$ 8,530	\$ (530)
Library Appropriations	\$ 209,237	\$ 209,638	\$ (401)
Other Utility Appropriations	\$ 16,000	\$ 17,713	\$ (1,713)
Yazoo River Trail			
Supplies	\$ -	\$ 1,896	\$ (1,896)
G.O. Bond & Interest Fund			
Bond & Interest	\$ 648,158	\$ 711,990	\$ (63,832)
Solid Waste Enterprise Fund			
Other Services & Charges	\$ 628,022	\$ 719,686	\$ (91,664)

The City of Greenwood, Mississippi

Notes to Financial Statements

September 30, 2020

B. Deficit Fund Equity

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

Solid Waste Enterprise Fund \$ (1,048,865)

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, depreciation expense 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 \$10,657,302 and the bank balances totaled \$10,793,116. Of the bank balances, \$544,951 was insured by federal deposit insurance and \$10,248,165 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 \$19,795,795, and the bank balances totaled \$19,768,495. Of the bank balances, \$500,000 was insured by FDIC, and \$19,268,495 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 \$902,159 and \$130,893, respectively, and the bank balances totaled \$915,690 and \$134,733 (including certificates of deposits), respectively. Of the bank balances, \$388,721 and \$134,733 was insured by federal deposit insurance for the Tourism and Library, respectively, \$576,969 was collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the Tourism and Library. The Library's cash on hand, not included in the deposits above, totaled \$500 as of September 30, 2020.

The City of Greenwood, Mississippi

Notes to Financial Statements

September 30, 2020

3. Investments

The City and its component units have no investments other than certificates of deposit for the current fiscal year but is eligible to invest as described below. These eligible investments are in accordance with state statute and are limited to the investment of funds in excess of sums required for immediate expenditure or current obligations.

Bonds or direct obligations of the United States of America, State of Mississippi, County or Municipality of Mississippi and School Districts are eligible investments. In addition, certificates of deposit with municipal depositories approved annually by the State Treasurer are also eligible investments. 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, 2020, for the primary government's individual major funds and nonmajor and internal service funds in the aggregate (including its blended component unit, Greenwood Utilities) are as follows:

	Other		
<u>Governmental Funds</u>	General Fund	Governmental	Total
Intergovernmental	\$ 1,187,772	\$ 200,025	\$ 1,387,797
Property taxes receivable	5,103,803	757,310	5,861,113
Other	53,720	-	53,720
Gross receivables	6,345,295	957,335	7,302,630
Less: allowance for uncollectibles	61,785	9,216	71,001
Total governmental funds	\$ 6,283,510	\$ 948,119	\$ 7,231,629
	Sewage	Greenwood	
<u>Proprietary Funds</u>	Enterprise Fund	Utilities	Total
Accounts receivable	\$ -	\$ 4,336,899	\$ 4,336,899
Intergovernmental	-	-	-
Other	800	31,561	32,361
Gross receivables	800	4,368,460	4,369,260
Less: allowance for uncollectibles	-	267,923	267,923
Total proprietary funds	\$ 800	\$ 4,100,537	\$ 4,101,337

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. 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 \$2,558,907 of total receivables at September 30, 2020.

The City of Greenwood, Mississippi

Notes to Financial Statements

September 30, 2020

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. 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)	\$ 5,861,113
Less: allowance for uncollectibles	(71,001)
Total property taxes receivable, net	<u>\$ 5,790,112</u>

Tax millage levies for 2020 were collected in the current fiscal year and statutory maximum millage rates were as follows:

	Levy (in mills)	Purpose	Maximum
<u>City of Greenwood:</u>			
General Fund	43.29	General	None
Debt Service Fund	3.46	Debt Retirement	None
Disability & Relief Fund	5.51	Retirement	None
Total City of Greenwood	<u>52.26</u>		

The City is permitted to levy taxes based on a percentage of up to 100% of fair value of property at the millage indicated above. At the present time, the City levies taxes based on 10% of fair value for homeowner-occupied real property, 15% of fair value for all other real and personal property, and 30% of fair value for all motor vehicles and property owned by public service corporations. The City may levy taxes as necessary to meet bonded debt retirement. Limitations are imposed on the amount of bonded debt that may be issued based upon the assessed valuation of properties. Annual tax increases for all purposes except payment of general obligation bonds and interest are limited by State law to 10% of the preceding year's receipts plus new construction.

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

Current year tax assessments - governmental funds (exclusive of agency funds)	<u>Unearned</u> <u>\$ 5,768,632</u>
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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 \$4,754,845 of sales tax revenue.

The City of Greenwood, Mississippi

Notes to Financial Statements

September 30, 2020

C. Changes in Capital Assets

Primary government capital asset activity for governmental activities for the year ended September 30, 2020, was as follows:

<u>Governmental activities:</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Ending Balance</u>
<i>Capital assets not being depreciated:</i>				
Land	\$ 3,382,646	\$ -	\$ -	\$ 3,382,646
Construction-in-progress	13,667,140	1,177,352	(13,860,285)	984,207
Total capital assets not being depreciated	17,049,786	1,177,352	(13,860,285)	4,366,853
<i>Capital assets being depreciated:</i>				
Infrastructure	26,651,242	-	-	26,651,242
Buildings & improvements	22,944,462	14,010,285	-	36,954,747
Equipment & furniture	1,469,862	125,911	(21,155)	1,574,618
Mobile equipment	5,482,481	99,193	(24,648)	5,557,026
Total capital assets being depreciated	56,548,047	14,235,389	(45,803)	70,737,633
<i>Less accumulated depreciation for:</i>				
Infrastructure	(11,763,203)	(562,149)	-	(12,325,352)
Buildings & improvements	(4,868,004)	(1,216,250)	-	(6,084,254)
Equipment & furniture	(925,070)	(120,521)	19,041	(1,026,550)
Mobile equipment	(3,690,033)	(202,739)	4,437	(3,888,335)
Total accumulated depreciation	(21,246,310)	(2,101,659)	23,478	(23,324,491)
Total capital assets being depreciated, net	35,301,737	12,133,730	(22,325)	47,413,142
Total governmental activities capital assets, net	<u>\$ 52,351,523</u>	<u>\$ 13,311,082</u>	<u>\$ (13,882,610)</u>	<u>\$ 51,779,995</u>

Depreciation expense was charged to functions of the primary government for governmental activities as follows:

<u>Governmental activities:</u>	
General government	\$ 8,115
Public safety	390,525
Public works	646,546
Culture and recreation	175,074
Economic development and assistance	881,399
Total depreciation expense - governmental activities	<u>\$ 2,101,659</u>

The City of Greenwood, Mississippi

Notes to Financial Statements

September 30, 2020

Primary government capital asset activity for business-type activities for the year ended September 30, 2020, was as follows:

<u>Business-type activities:</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Ending Balance</u>
<i>Capital assets not being depreciated:</i>				
Land	\$ 601,020	\$ -	\$ -	\$ 601,020
Construction-in-progress	833,512	1,498,569	(1,535,402)	796,679
Total capital assets not being depreciated	1,434,532	1,498,569	(1,535,402)	1,397,699
<i>Capital assets being depreciated:</i>				
Infrastructure	67,621,769	-	-	67,621,769
Equipment & furniture	648,640	-	-	648,640
Mobile equipment	3,079,333	381,319	(230,241)	3,230,411
Electric and water production plant	5,403,460	14,028	-	5,417,488
Electric and water distribution plant	53,605,838	1,424,175	-	55,030,013
Electric and water general plant	7,252,253	140,754	(88,307)	7,304,700
Total capital assets being depreciated	137,611,293	1,960,276	(318,548)	139,253,021
<i>Less accumulated depreciation for:</i>				
Infrastructure	(14,250,034)	(2,214,020)	-	(16,464,054)
Equipment & furniture	(459,698)	(45,826)	-	(505,524)
Mobile equipment	(2,542,699)	(112,190)	207,217	(2,447,672)
Electric and water production plant	(831,972)	(165,688)	-	(997,660)
Electric and water distribution plant	(24,255,810)	(1,613,052)	4,872	(25,863,990)
Electric and water general plant	(5,506,964)	(283,051)	-	(5,790,015)
Total accumulated depreciation	(47,847,177)	(4,433,827)	212,089	(52,068,915)
Total capital assets being depreciated, net	89,764,116	(2,473,551)	(106,459)	87,184,106
Total business-type activities capital assets, net	\$ 91,198,648	\$ (974,982)	\$ (1,641,861)	\$ 88,581,805

Depreciation expense was charged to functions of the primary government for business-type activities as follows:

<u>Business-type activities:</u>	
Sewage enterprise	\$ 2,286,107
Greenwood Utilities	2,061,791
Non-major business-type activities	85,929
Total depreciation expense - business-type activities	<u>\$ 4,433,827</u>

Greenwood Utilities allocates depreciation for vehicles used in the construction of plant assets to the underlying construction project. The amount of depreciation allocated was \$138,310 for the year ended September 30, 2020.

The City of Greenwood, Mississippi

Notes to Financial Statements

September 30, 2020

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

	<u>Spent-to-date</u>
<u>Governmental activities:</u>	
Fulton Streetscape Project - various open work orders	\$ 984,207
Total construction in progress - governmental activities	<u>\$ 984,207</u>
 <u>Business-type activities:</u>	
Greenwood Utilities - various open work orders	\$ 796,679
Total construction in progress - business-type activities	<u>\$ 796,679</u>

A summary of changes in capital assets for component units is as follows:

<u>Component units:</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Ending Balance</u>
<i>Capital assets being depreciated:</i>				
Building improvements	\$ 208,335	\$ -	\$ -	\$ 208,335
Books & materials	977,216	33,890	-	1,011,106
Mobile equipment	22,122	-	-	22,122
Equipment & furniture	316,625	7,430	-	324,055
Total capital assets being depreciated	<u>1,524,298</u>	<u>41,320</u>	<u>-</u>	<u>1,565,618</u>
 <i>Less accumulated depreciation for:</i>				
Buildings & improvements	(166,809)	(9,275)	-	(176,084)
Books & materials	(854,428)	(41,369)	-	(895,797)
Mobile equipment	(15,119)	(4,425)	-	(19,544)
Equipment & furniture	(293,707)	(10,026)	-	(303,733)
Total accumulated depreciation	<u>(1,330,063)</u>	<u>(65,095)</u>	<u>-</u>	<u>(1,395,158)</u>
Total capital assets being depreciated, net	<u>\$ 194,235</u>	<u>\$ (23,775)</u>	<u>\$ -</u>	<u>\$ 170,460</u>

Depreciation expense was charged to activities as follows:

Library	\$ 60,235
Tourism Commission	4,860
Total	<u>\$ 65,095</u>

The City of Greenwood, Mississippi

Notes to Financial Statements

September 30, 2020

D. Interfund Receivables, Payables and Transfers

1. Interfund Receivables and Payables

Individual fund interfund receivable and payable balances as of September 30, 2020, follows:

	Interfund Receivables	Interfund Payables
General Fund	\$ 27,406	\$ -
Nonmajor governmental funds:		
Drug Court Grant	-	10,091
Domestic Violence Grant	-	304
DUI Grant	-	945
Traffic Safety Project	-	256
Milwaukee Tool Expansion - CDBG	-	10,761
Milwaukee Tool Expansion - DIP	-	5,049
Total Governmental Funds	27,406	27,406
Sewage Enterprise	1,092,799	-
Greenwood Utilities	73,132	1,313,600
Nonmajor proprietary funds:		
Solid Waste Enterprise	147,669	-
Total Proprietary Funds	1,313,600	1,313,600
Total Interfund Receivables/Payables	\$ 1,341,006	\$ 1,341,006

The Sewage Enterprise and Solid Waste Enterprise receivables are for monies collected by Greenwood Utilities at year-end but not yet remitted.

The Greenwood Utilities receivable is money due from the City for electric and water services. An equal amount for the General Fund and Sewage Enterprise Fund is due to Greenwood Utilities for free utility services.

The other receivables and payables are temporary advances from one fund to another fund for cash flow purposes until the other fund receives funding from outside sources.

The City of Greenwood, Mississippi

Notes to Financial Statements

September 30, 2020

2. Interfund Transfers

Transfers in/transfers out for the primary government follows:

	Transfers In	Transfers Out
General Fund	\$ 1,456,324	\$ 101,495
Nonmajor governmental funds		
Cemetery Project	8,809	-
Special Projects Fund	120,000	-
Industrial Properties Fund	11,005	-
Domestic Violence Grant	10,974	-
Drug Court Grant	25,000	-
Blight Elimination Program Phase I	19,858	-
Blight Elimination Program Phase II	7,800	-
CLG-Gritney Project	8,674	-
Fulton Streetscape Project	178,380	-
Milwaukee Tool Expansion (CAP Loan)	3,000	-
Milwaukee Tool Expansion DIP	6,375	-
General Obligation Bond and Interest Fund	115,211	-
General Obligation MBIA Refunding Bond Fund	-	90,000
Industrial Rent Milwaukee Electric Tool	-	187
Urban Renewal Revenue Bonds	-	70,000
General Obligation Public Improvement Bond Fund	-	178,380
Total Governmental Funds	1,971,410	440,062
Sewage Enterprise	549,077	10,000
Greenwood Utilities	-	2,050,214
Nonmajor proprietary funds		
General Obligation Sewer Refunding Bonds	-	15,211
Solid Waste Enterprise	-	5,000
Total Proprietary Funds	549,077	2,080,425
Total Transfers in/Transfers out	\$ 2,520,487	\$ 2,520,487

The City of Greenwood, Mississippi

Notes to Financial Statements

September 30, 2020

Interfund transfers at September 30, 2020 consisted of the following:

\$	10,974	From General Fund to Domestic Violence for match funds.
	8,809	From General Fund to Cemetery Fund to subsidize operations.
	11,005	From General Fund to Industrial Properties Fund for airport improvements and industrial development travel.
	25,000	From General Fund to Drug Court Grant Fund to subsidize operations.
	8,674	From General Fund to CLG-Gritney Project Fund for match funds.
	19,858	From General Fund to Blight Elimination Program Phase I for expenses not covered by grant.
	7,800	From General Fund to Blight Elimination Program Phase I for expenses not covered by grant.
	6,375	From General Fund to Milwaukee Tool Expansion DIP Funds for expenses not covered by grant.
	3,000	From General Fund for administrative expenses not covered by CAP loan.
	187	From Industrial Rent Milwaukee Electric Tool Fund to General Fund to balance and close fund.
	178,380	From 2019 General Obligation Public Improvement Bond Fund to Fulton Streetscape Project Fund to subsidize operations.
	867,214	From Greenwood Utilities to the General Fund (\$401,137) & Sewer Revenue Bonds Fund (\$466,067) for in-kind and free electric & water services.
	953,000	From Greenwood Utilities to the General Fund to subsidize operations (\$870,000) & (\$83,000) appropriate.
	100,000	From Greenwood Utilities to General Obligation Bond and Interest Fund to subsidize operations.
	10,000	From Greenwood Utilities to General Fund for the Delta Band Festivals appropriation.
	90,000	From General Obligation MBIA Refunding Bond Fund to General Fund to cover expenses for Supervision/Finance.
	70,000	From Urban Renewal Revenue Bonds Fund to General Fund to cover expenses for Supervision/Finance.
	120,000	From Greenwood Utilities to Special Projects Fund to appropriate.
	10,000	From Sewer Fund to General Fund to cover expenses for Supervision/Finance.
	5,000	From Solid Waste Fund to General Fund to cover vehicle repairs.
	15,211	From General Obligation Sewer Refunding Bonds to General Obligation Bond and Interest Fund.
\$	<u>2,520,487</u>	

E. Long-term Debt

1. 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 of Greenwood, Mississippi

Notes to Financial Statements

September 30, 2020

The City has financed two E-One Aerial Fire Trucks and a Mack Terrapro Cabover Garbage Truck by means of capital leases. These lease agreements qualify as capital leases for accounting purposes and have been recorded at the present value of the future minimum lease payments as of the date of their inception. The outstanding balance of capital leases paid from governmental activities are as follows:

Governmental activities:

\$616,890 Trustmark lease-purchase agreement dated July 19, 2018 for an E-One Custom Pumper on a 2018 Typhoon Chassis; Due in 10 annual installments of \$73,434, beginning October 1, 2019; Interest at 3.18% \$ 566,997

\$655,663 Trustmark lease-purchase agreement dated January 17, 2012 for an E-One 75' Aerial on a Typhoon Chassis; Due in 10 annual installments of \$75,575, beginning January 12, 2013; Interest at 2.67% 145,304
712,301

Business-type activities:

\$145,216 Trustmark lease agreement dated April 10, 2020 for the purchase of a 2020 Mack Terrapro Cabover with a New Way 40 Yard Frontloader; Due in 2 annual installments of \$74,607, beginning April 10, 2021; Interest at 1.83% 145,216
\$ 857,517

The following is a schedule by years of future minimum lease payments payable under these capital leases together with the present value of the net minimum lease payments as of September 30, 2020:

Fire Truck Lease-E-One 75' Aerial on a Typhoon Chassis

Fiscal Year	Capital Lease		(Memo Only)
	Minimum Lease Payments	Interest	Minimum Payments
2021	\$ 71,695	\$ 3,880	\$ 75,575
2022	73,609	1,965	75,574
Totals	\$ 145,304	\$ 5,845	\$ 151,149

Fire Truck Lease-E-One Custom Pumper on a 2018 Typhoon Chassis

Fiscal Year	Capital Lease		(Memo Only)
	Minimum Lease Payments	Interest	Minimum Payments
2021	\$ 55,404	\$ 18,030	\$ 73,434
2022	57,166	16,268	73,434
2023	58,983	14,451	73,434
2024	60,859	12,575	73,434
2025	62,794	10,640	73,434
2026-2030	271,791	21,946	293,737
Totals	\$ 566,997	\$ 93,910	\$ 660,907

The City of Greenwood, Mississippi

Notes to Financial Statements

September 30, 2020

2020 Mack Terrapro Cabover with a New Way 40 Yard Frontloader

Fiscal Year	Capital Lease		(Memo Only)
	Net Minimum Lease Payments	Interest	Minimum Payments
2021	\$ 71,950	\$ 2,056	\$ 74,006
2022	73,266	728	73,994
Totals	<u>\$ 145,216</u>	<u>\$ 2,784</u>	<u>\$ 148,000</u>

2. General Obligation Bonds Payable

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 general governmental activities. Bonds issued for proprietary activities are reported in the proprietary funds if they are to be repaid from proprietary revenues. There were no general obligation bonds issued for proprietary activities as of September 30, 2020.

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

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

On October 6, 2016, the City issued \$1,260,000 in Taxable General Obligation MBIA Refunding Bonds, Series 2016, with an interest rate of 2.45% to refund \$1,260,000 of outstanding General Obligation MBIA Bonds, Series 2002 (the "2002 General Obligation MBIA Bond"), with an average interest rate of 3.00%. The net proceeds of \$1,202,809 (after payment of \$57,191 in bond issuance costs) resulted in a net present value savings benefit to the City in the amount of \$119,008. (\$132,300 in original interest on the 2002 General Obligation MBIA Bond (2016 through 2022) less the accrued interest paid in October 2016 in the amount of \$13,292.) The City used the 2016 Bonds proceeds, plus transferred proceeds in the amount of \$13,292 to pay off the 2002 General Obligation MBIA Bond. The new total debt service for the 2016 Refunding Bonds for 2016 through 2022 is \$1,357,326.

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-

The City of Greenwood, Mississippi

Notes to Financial Statements

September 30, 2020

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.

On December 19, 2020, the City issued a \$6,314,000 Tax-exempt General Obligation Bond, Series 2019, with an interest rate of 2.45% to be used for, but not limited to capital improvements projects. Debt issuance costs of \$260,525, not withheld from the actual debt proceeds received, are reported as debt service expenditures in the current year.

The General Obligation Bonds paid from governmental activities are as follows:

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%	\$ 370,000
\$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%	1,240,000
\$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%	2,450,000
\$6,314,000 2019 Tax Exempt Public Improvement General Obligation Bond due in annual principal installments of \$355,000 to \$494,000 through December 1, 2034; interest at 2.35%	6,314,000
\$1,260,000 2016 General Obligation MBIA Refunding Bonds due in annual principal installments of \$180,000 through December 1, 2022; interest at 2.45%	540,000
	<u>\$ 10,914,000</u>

The City of Greenwood, Mississippi

Notes to Financial Statements

September 30, 2020

3. Notes Payable

Capital improvement revolving loans and notes to purchase equipment and vehicles make up the notes payable balance and are included in both governmental and business-type activities. The notes payable paid from governmental and business-type activities are as follows:

Governmental activities:

\$4,783,087 Mississippi Development Authority Capital Improvements Revolving Loan due in monthly installments of \$26,527, beginning February 1, 2020 for 240 months at 3% annual interest to be computed daily; \$ 4,650,646

\$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 8,931

\$122,536 Bank of Commerce note Dated May 10, 2018 for the purchase of vehicles for the police department; Due in monthly installments of \$3,531, beginning on June 10, 2018; interest at 2.35%; Note is secured by the vehicles and payable out of the General Fund 28,060

\$237,752 Bank of Commerce note dated March 27, 2018 for the purchase of radios for the police department; Due in 5 annual installments of \$50,841 beginning March 27, 2019; Interest at 2.24%; Note is secured by the equipment and payable out of the General Fund 145,761
4,833,398

Business-type activities:

\$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 457,883
\$ 5,291,280

The City of Greenwood, Mississippi

Notes to Financial Statements

September 30, 2020

4. State Revolving Loans

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

Business-type activities:

\$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% \$ 3,316,406

\$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% 33,884,347

\$3,159,182 Drinking Water Systems Improvement Revolving loan, 20 year loan; interest at 1.95%; repayment of principal and interest began in April of 2017 2,395,751
\$ 39,596,504

5. Sewer System Revenue Refunding Bonds, Series 2012

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.

Business-type activities:

\$4,405,000 Sewer Refunding Bonds, Series 2012, due in annual principal installments of \$185,000 to \$610,000 through September 30, 2021; variable interest at 2% to 2.5% \$ 185,000

6. Taxable Urban Renewal Revenue Bonds, Series 2016

Governmental activities:

\$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 \$ 1,314,815

The City of Greenwood, Mississippi

Notes to Financial Statements

September 30, 2020

7. Long-term Debt Transactions

A summary of long-term debt transactions for the year ended September 30, 2020, was as follows:

	Beginning			Ending	Due Within
<u>Governmental activities:</u>	Balance	Additions	Reductions	Balance	One Year
General Obligation Bonds	\$ 5,306,000	\$ 6,314,000	\$ 706,000	\$ 10,914,000	\$ 1,078,000
Urban Renewal Revenue Bond	1,537,037	-	222,222	1,314,815	222,222
Notes Payable	4,836,520	276,172	279,294	4,833,398	265,850
Capital Leases	832,026	-	119,725	712,301	127,099
Compensated Absences	324,706	270,611	324,706	270,611	270,611
Total	<u>\$ 12,836,289</u>	<u>\$ 6,860,783</u>	<u>\$ 1,651,947</u>	<u>\$ 18,045,125</u>	<u>\$ 1,963,782</u>
 <u>Business-type activities:</u>					
State Revolving Loans	\$ 41,945,636	\$ -	\$ 2,349,133	\$ 39,596,503	\$ 2,391,886
Sewer Revenue Refunding Bonds	475,000	-	290,000	185,000	185,000
Notes Payable	482,630	-	24,746	457,884	25,246
Capital Leases	-	145,216	-	145,216	71,950
Compensated Absences	448,052	-	50,358	397,694	164,040
Total	<u>\$ 43,351,318</u>	<u>\$ 145,216</u>	<u>\$ 2,714,237</u>	<u>\$ 40,782,297</u>	<u>\$ 2,838,122</u>

8. Legal Debt Margin and Debt Covenants

The City's legal debt margin for the issuance of general obligation bonds was \$9,644,820 at September 30, 2020. There are a number of requirements contained in the various debt obligations. The City is in compliance with all significant requirements.

9. Annual Maturities Requirements

The annual requirements to amortize all long-term debt outstanding as of September 30, 2020, including interest, by source of retirement are as follows:

Debt Service Fund (Special Tax Levy)			
Fiscal Year	Principal	Interest	Total
2021	\$ 898,000	\$ 243,601	\$ 1,141,601
2022	918,000	228,985	1,146,985
2023	746,000	209,372	955,372
2024	776,000	191,863	967,863
2025	794,000	173,709	967,709
2026-2030	2,906,000	637,764	3,543,764
2031-2035	3,336,000	248,636	3,584,636
Totals	<u>\$ 10,374,000</u>	<u>\$ 1,933,930</u>	<u>\$ 12,307,930</u>

The City of Greenwood, Mississippi

Notes to Financial Statements

September 30, 2020

Milwaukee Tool Expansion Phase I (Milwaukee Tool Rent)

Fiscal Year	Taxable Urban Renewal Revenue Bonds		(Memo Only)
	Principal	Interest	Total
2021	\$ 222,222	\$ -	\$ 222,222
2022	222,222	-	222,222
2023	222,222	-	222,222
2024	222,222	-	222,222
2025	222,222	-	222,222
2026-2030	203,705	-	203,705
Totals	<u>\$ 1,314,815</u>	<u>\$ -</u>	<u>\$ 1,314,815</u>

Milwaukee Tool Expansion - Capital Improvement Loan (Milwaukee Tool Rent)

Fiscal Year	Note Payable		(Memo Only)
	Principal	Interest	Total
2021	\$ 181,282	\$ 137,041	\$ 318,323
2022	186,796	131,527	318,323
2023	192,448	125,875	318,323
2024	198,332	119,991	318,323
2025	204,365	113,958	318,323
2026-2030	1,118,931	472,682	1,591,613
2031-2035	1,299,769	291,844	1,591,613
2036-2040	1,268,722	83,788	1,352,510
Totals	<u>\$ 4,650,645</u>	<u>\$ 1,476,706</u>	<u>\$ 6,127,351</u>

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

Fiscal Year	Notes Payable		(Memo Only)
	Principal	Interest	Total
2021	\$ 84,568	\$ 4,144	\$ 88,712
2022	48,644	2,198	50,842
2023	49,540	1,109	50,649
Totals	<u>\$ 182,752</u>	<u>\$ 7,451</u>	<u>\$ 190,203</u>

Industrial Rent #260 (Milwaukee Tool Rents)

Fiscal Year	G.O. Refunding MBIA Bond		(Memo Only)
	Principal	Interest	Total
2021	\$ 180,000	\$ 11,025	\$ 191,025
2022	180,000	4,615	184,615
2023	180,000	2,205	182,205
Totals	<u>\$ 540,000</u>	<u>\$ 17,845</u>	<u>\$ 557,845</u>

The City of Greenwood, Mississippi

Notes to Financial Statements

September 30, 2020

Sewage Enterprise Fund (Water/Sewer Revenues)

Fiscal Year	Sewer Refunding Bonds		(Memo Only)
	Principal	Interest	Total
2021	\$ 185,000	\$ 4,625	\$ 189,625
Totals	\$ 185,000	\$ 4,625	\$ 189,625

Sewage Enterprise Fund - Capital Improvement Loan (Water/Sewer Revenues)

Fiscal Year	Note Payable		(Memo Only)
	Principal	Interest	Total
2021	\$ 25,246	\$ 8,966	\$ 34,212
2022	25,756	8,456	34,212
2023	26,275	7,937	34,212
2024	26,806	7,406	34,212
2025	27,347	6,865	34,212
2026-2030	145,240	25,819	171,059
2031-2035	160,501	10,558	171,059
2036-2040	20,712	170	20,882
Totals	\$ 457,883	\$ 76,177	\$ 534,060

Sewage Enterprise Fund (Water/Sewer Revenues)

Fiscal Year	State Revolving Loan IV		(Memo Only)
	Principal	Interest	Total
2021	\$ 424,133	\$ 62,454	\$ 486,587
2022	432,694	53,893	486,587
2023	441,429	45,160	486,589
2024	450,338	36,250	486,588
2025	459,427	27,160	486,587
2026-2030	1,108,385	26,986	1,135,371
Totals	\$ 3,316,406	\$ 251,903	\$ 3,568,309

Sewage Enterprise Fund (Water/Sewer Revenues)

Fiscal Year	State Revolving Loan V		(Memo Only)
	Principal	Interest	Total
2021	\$ 1,840,442	\$ 578,261	\$ 2,418,703
2022	1,872,909	545,794	2,418,703
2023	1,905,950	512,753	2,418,703
2024	1,939,572	479,131	2,418,703
2025	1,973,788	444,914	2,418,702
2026-2030	10,403,684	1,689,828	12,093,512
2031-2035	11,354,297	739,215	12,093,512
2036-2040	2,593,705	26,848	2,620,553
Totals	\$ 33,884,347	\$ 5,016,744	\$ 38,901,091

The City of Greenwood, Mississippi

Notes to Financial Statements

September 30, 2020

Drinking Water Systems Improvement Revolving Loan (Greenwood Utilities)

Fiscal Year	State Revolving Loan		(Memo Only)
	Principal	Interest	Total
2021	\$ 127,311	\$ 48,040	\$ 175,351
2022	129,816	45,583	175,399
2023	132,370	43,078	175,448
2024	134,974	40,524	175,498
2025	135,874	39,624	175,498
2026-2030	715,766	148,704	864,470
2031-2035	789,006	75,464	864,470
2036-2040	230,634	8,092	238,726
Totals	<u>\$ 2,395,751</u>	<u>\$ 449,109</u>	<u>\$ 2,844,860</u>

F. 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.

\$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%

\$ 148,000

On October 26, 2017, the City issued Tax Increment Limited Obligation (TIF) Bonds, Series 2017, in the amount of \$700,000 to assist in the infrastructure improvements of Cannon Property Development, LLC, a Mississippi limited liability company that used the funds to develop a high-quality commercial retail automobile dealership that will offer a new Chrysler, Dodge, Jeep, and Ram dealership.

\$700,000 Limited Obligation Tax Increment Financing Bonds due in annual installments ranging from \$59,297 to \$67,620 beginning August 15, 2018, through August 15, 2032; interest at 5%

\$ 598,900

For both issuances, 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.

The City of Greenwood, Mississippi

Notes to Financial Statements

September 30, 2020

G. Net Position/Fund Balance:

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

	Nonmajor Governmental Funds
<u>Restricted for:</u>	
Public safety	\$ 59,401
Public works	199,294
Health and welfare	7,987
Economic development & assistance	162,064
Debt service	6,158,744
Total restricted fund balance	6,587,490
<u>Assigned to:</u>	
Public safety	43,385
Culture & recreation	2,434
Special projects	4
Economic development & assistance	88,265
Total assigned fund balance	134,088
Total fund balances	\$ 6,721,578

Unrestricted net position for Greenwood Utilities was comprised of unrestricted net position and board designated net position balances of (\$137,460) and \$7,875,858, respectively.

Note 4 – Pension Plans

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

A. Public Employees' Retirement System

1. General Information about the Pension Plan

Plan Description and Provisions. Substantially all City of Greenwood, Greenwood Utilities, Greenwood Tourism Commission and Greenwood-Leflore Public Library employees participate in PERS, a multi-employer, cost-sharing defined benefit public employee pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to the Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS, 39201-1005 or by calling (601)359-3589 or 1-800-444-PERS or online at <http://www.pers.ms.gov>.

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

A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became 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, 2020, was 17.40% 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 2020, the City's and Greenwood Utilities' contribution to the pension plan was \$1,228,028 and \$713,119, respectively.

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

City of Greenwood

At September 30, 2020, the City reported a liability of \$19,484,141, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020 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, 2020, relative to the total employer contributions of participating employers to PERS. At June 30, 2020, the City's proportion was 0.105092%, which was a decrease of 0.001473% from its proportion of 0.106565%, as of June 30, 2020.

For the year ended September 30, 2020, the City recognized pension expense of \$1,682,757. At September 30, 2020, 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	\$ 169,125	\$ -
Changes of assumptions or other inputs	108,995	-
Net difference between projected and actual earnings on pension plan investments	800,334	-
Changes in proportion	-	442,198
Employer contributions subsequent to the measurement date	280,528	-
	<u>\$ 1,358,982</u>	<u>\$ 442,198</u>

At September 30, 2020, the City reported \$280,528 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 2021 fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources at September 30, 2020, related to pensions will be recognized in pension expense as follows:

<u>Year Ending</u> <u>September 30,</u>	
2021	\$ (162,659)
2022	208,774
2023	332,246
2024	257,895
	<u>\$ 636,256</u>

The City of Greenwood, Mississippi

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Greenwood Utilities

At September 30, 2020, Greenwood Utilities reported a liability of \$11,899,879 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, 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, 2020, relative to the total employer contributions of participating employers to PERS. At June 30, 2020, Greenwood Utilities' proportion was 0.061470%, which was a decrease of 0.000883% from its proportion of 0.062353%, as of June 30, 2020.

For the year ended September 30, 2020, Greenwood Utilities recognized pension expense of \$1,061,796. At September 30, 2020, 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	\$ 103,292	\$ -
Changes of assumptions or other inputs	66,568	-
Net difference between projected and actual earnings on pension plan investments	488,802	-
Changes in proportion	-	432,561
Employer contributions subsequent to the measurement date	159,835	-
	<u>\$ 818,497</u>	<u>\$ 432,561</u>

At September 30, 2020, Greenwood Utilities reported \$159,835 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 201 fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources at September 30, 2020, related to pensions will be recognized in pension expense as follows:

<u>Year Ending</u> <u>September 30,</u>	
2021	\$ (163,609)
2022	28,503
2023	203,698
2024	157,509
	<u>\$ 226,101</u>

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3. Actuarial Assumptions

The total pension liability as of June 30, 2020 was determined by an actuarial valuation prepared as of June 30, 2020 using the following actuarial assumptions and other inputs:

Inflation	2.75%
Salary increases	3.00-18.25%, average including inflation
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

Mortality rates were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119. For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119.

Mortality rates will be projected generationally using the MP-2019 projection scale to account for future improvements in life expectancy.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2014 to June 30, 2019.

For the year ended June 30, 2020, the long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The most recent target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2020, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation Percentage</u>	<u>Expected Real Rate of Return</u>
Domestic equity	27.00%	4.90%
International equity	22.00%	4.75%
Global equity	12.00%	5.00%
Fixed income	20.00%	1.50%
Real estate	10.00%	4.00%
Private equity	8.00%	6.25%
Cash equivalents	1.00%	0.25%
	<u>100.00%</u>	

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4. Discount Rate

The discount rate used to measure the total pension liability was 7.75% at June 30, 2020. 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 (17.40%). 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.

City of Greenwood:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Proportionate share of the net pension liability	\$ 23,609,275	\$ 19,484,141	\$ 13,297,354

Greenwood Utilities:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Proportionate share of the net pension liability	\$ 14,419,292	\$ 11,899,879	\$ 8,121,318

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, 2020, the City and Greenwood Utilities have no amounts payable for outstanding contributions to the pension plan required for the year ended June 30, 2020.

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

The City of Greenwood, Mississippi

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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, 2020, the date of the most recent actuarial verification, there were one participating municipal employee and 50 retired participants and beneficiaries currently receiving benefits. PERS issues a publicly available financial report that includes financial statements and required supplementary information for MRS. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS, 39201-1005 or by calling (601)359-3589 or 1-800-444-PERS.

2. Basis of Accounting

MRS uses the accrual basis of accounting. Employee and employer contributions are recognized as revenue in the period in which employee services are performed, and investment income is recognized when earned. Expenses, including benefits and refunds paid, are recognized when incurred. Investments for MRS are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Corporate bonds are valued based on yields currently available on comparable securities from issuers of similar credit rating. Mortgage securities are valued on the basis of future principal and interest payments and counted at prevailing interest rates for similar instruments. Short-term investments are reported at market value when published prices are available, or at cost plus accrued interest, which approximates market or fair value. For individual investments where no readily ascertainable market value exists, the Public Employees' Retirement System, in consultation with their investment advisors and custodial bank, has determined the fair values.

3. 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, 2020, 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, 2020
Total Pension Liability	\$ 6,442,969
Fiduciary Net Position	2,542,339
Net Pension Liability	<u>\$ 3,900,630</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.

The City of Greenwood, Mississippi

Notes to Financial Statements

September 30, 2020

4. Schedule of Changes in Net Pension Liability

The change in NPL, for the Disability and Relief municipal pension plan, is as follows:

Change in Net Pension Liability	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at June 30, 2019	\$ 6,801,426	\$ 2,815,692	\$ 3,985,734
Interest	499,336	-	499,336
Difference between expected and actual experience	(141,030)	-	(141,030)
Contributions - employer	-	368,513	(368,513)
Contributions - employee	-	4,285	(4,285)
Net investment income	-	77,981	(77,981)
Benefit payments, including refunds	(716,763)	(716,763)	-
Administrative expense	-	(7,369)	7,369
Net Change	(358,457)	(273,353)	(85,104)
Balances at June 30, 2020	\$ 6,442,969	\$ 2,542,339	\$ 3,900,630

5. Pension Expense

At the measurement date, the City recognized total pension expense of \$187,218. Pension expense recognized by the plan is as follows:

	Pension Expense
Interest on the total pension liability	\$ 499,336
Expensed portion of current-period difference between expected and actual experience in the total pension	(141,030)
Member contributions	(4,285)
Projected earnings on plan investments	(204,602)
Expensed portion of current-period differences between actual and projected earnings on plan investments	25,324
Administrative expense	7,369
Recognition of beginning deferred outflows of resources as pension expense	5,106
Total pension expense (income)	\$ 187,218

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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, 2020, 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	\$ 75,354	\$ -
	<u>\$ 75,354</u>	<u>\$ -</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension at September 30, 2020, will be recognized in pension expense as follows:

Year ending September 30	Amount
2021	\$ (7,117)
2022	27,854
2023	29,292
2024	25,325
	<u>\$ 75,354</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.

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	<u>\$ 4,358,410</u>	<u>\$ 3,900,630</u>	<u>\$ 3,497,141</u>

The City of Greenwood, Mississippi

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9. Schedule of Assumptions

The total pension liability in the June 30, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary changes	3.25-4.75%, including inflation
Investment rate of return	6.50%, net of pension plan investment expense, including inflation
Valuation Date	June 30, 2018
Actuarial Cost Method	Ultimate Asset Reserve
Amortization Method	N/A
Remaining Amortization Period	N/A
Asset Valuation Method	Market value of assets

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, 2020, the required amounts were funded. Claims totaled \$1,058 during fiscal year 2020 for the City of Greenwood. The Greenwood Utilities paid \$0 for unemployment claims.

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 \$1,094,878 and employee benefit costs and administrative expenses were \$983,598 during fiscal year 2020. Claims incurred but not reported at September 30, 2020, in the Employees' Group Benefit Fund are provided for in claims payable and totaled \$47,388. Effective October 1, 2019, Greenwood Utilities transitioned its employee medical insurance coverage to a third-party commercial insurer.

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3. Reconciliation of Changes in Liabilities for Claims

The following table provides a reconciliation of changes in liabilities for claims for the City of Greenwood:

	Unemployment Benefits Fund	Employee Benefit Fund
Ending balance, October 1, 2018	\$ 58,601	\$ 113,715
Current year contributions	-	1,433,421
Interest earnings	1,095	3,127
Miscellaneous	1,084	-
Claims payments and administration	(1,063)	(1,511,731)
Ending balance, September 30, 2019	59,717	38,532
Current year contributions	-	1,088,467
Interest earnings	1,280	3,910
Miscellaneous	-	2,501
Claims payments and administration	(1,058)	(983,598)
Ending balance, September 30, 2020	\$ 59,939	\$ 149,812

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.

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

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

6. Real and Personal Property Insurance

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

B. Commitments

1. 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 2019 and in accordance with the power sales contract with MEAM, Greenwood Utilities retired its electric generating plant and terminated the power sales contract. This did not have an impact on the power purchase contract. Effective with the electric generating plant retirement on May 31, 2019, Greenwood Utilities will no longer have generating capacity and will no longer receive capacity payments from MEAM.

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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.

2. 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, 2020, was \$3,316,406. 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, 2020, was \$33,884,347. Detailed information is provided in Note 3.

C. Contingent Liabilities

1. 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, 2020, 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.

2. 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, 2020.

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3. Milwaukee Tool MBIA Refunding Bonds

The City issued \$3,600,000 General Obligation MBIA Bonds, Series 2002, on December 1, 2002, for Milwaukee Electric Tool Corporation. These bonds were refunded with the \$1,260,000 in Taxable General Obligation MBIA Refunding Bonds, Series 2016, with an interest rate of 2.45%.

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

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

4. 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. See Note 3 for further information. 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

The City and Greenwood Utilities are subject to environmental oversight by various regulatory agencies. These regulatory agencies can potentially make assessments against the City and Greenwood Utilities that may or may not result in penalties or remediation liabilities. The City and Greenwood Utilities evaluate 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, the City and Greenwood Utilities record 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, 2020.

The City of Greenwood, Mississippi

Notes to Financial Statements

September 30, 2020

E. COVID-19

As a result of the spread of the SARS-CoV-2 virus and the incidence of COVID-19, economic uncertainties have arisen which may negatively affect the net position, results of operations and cash flows of the City. The duration and resulting impact of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

F. Joint Ventures

The following provides the most recent summary financial information of the Greenwood-Leflore Airport and the Greenwood-Leflore Industrial. The percentage share of joint venture applicable to the City of Greenwood for the Greenwood-Leflore Airport and Greenwood-Leflore Industrial Board is fifty percent.

Greenwood-Leflore Airport

Total assets	\$ 11,811,929
Total liabilities	\$ 381,778
Total net position	\$ 11,430,151
Total program and general revenues	\$ 2,226,389
Total expenses	\$ 870,115
Increase (decrease) in net position	\$ 1,356,274
Accrued compensated absences	\$ 15,765

Greenwood-Leflore Industrial Board

Total assets	\$ 34,992
Total liabilities	\$ 34,992
Total net position	\$ -
Total program and general revenues	\$ 202,766
Total expenses	\$ 202,766
Increase (decrease) in net position	\$ -
Accrued compensated absences	\$ 8,788

G. Comprehensive Income

Net comprehensive income is equal to net income.

The City of Greenwood, Mississippi

Notes to Financial Statements

September 30, 2020

Note 6 – Effect of Deferred Amount on Net Position

The unrestricted net position amount of \$(2,987,908) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. A portion of the deferred outflows of resources related to pension for the City in the amount of \$440,363 from the City (including Greenwood Utilities) contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2021. The \$2,252,833 balance of deferred outflow of resources, at September 30, 2020 will be recognized as an expense and will decrease the unrestricted net position over the next 3 years.

The unrestricted net position amount of \$(2,987,908) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$874,759 balance of deferred inflow of resources at September 30, 2020 will be recognized as a revenue and will increase the unrestricted net position over the next 2 years.

The net investment in capital assets net position amount of \$82,065,095 includes the effect of deferring the recognition of revenue resulting from a deferred inflow from advance refunding of the City's debt. The \$9,061 balance of deferred inflow of resources at September 30, 2020 will be recognized as revenue and will increase the net investment in capital assets net position.

Note 7 – Prior Period Adjustment

A prior period adjustment of (\$2,800) was made to correct the September 30, 2019 net position related to grants receivable/revenue for the Greenwood-Leflore Public Library, a component unit of the City of Greenwood. Net position as of September 30, 2019, as restated increased to \$ (428,737).

Note 8 – Subsequent Event

Events that occur after the statement of net position date, but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of net position date require recognition in the financial statements. Subsequent events that provide evidence about conditions that existed after the statement of net position date require disclosure in the notes to the financial statements. Management evaluated the activity of the City through August 16, 2021, (the date the financial statements were available to be issued) and noted the following items which require disclosure in the notes to the financial statements.

The COVID-19 pandemic has escalated rapidly in 2020, with a significant number of cases. The COVID-19 virus has affected economic activity. The City of Greenwood has taken a number of measures to mitigate the effects of COVID-19, such as safety and health measures for our people.

At this stage, the impact to the City of Greenwood has not been significant and based on our experience to date we expect this to remain the case. We will continue to follow the federal and state government policies and advisements. We will do our utmost to continue our operations in the best way possible without jeopardizing the health of our people.

Required Supplementary Information

City of Greenwood, Mississippi

Budgetary Comparison Schedule - General Fund

For the year ended September 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>Budgetary Basis</u> <u>(See Note A)</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 5,155,026	\$ 5,089,579	\$ 4,805,254	\$ (284,325)
Fees and fines	200,000	200,000	132,156	(67,844)
Licenses and permits	390,163	455,610	345,177	(110,433)
Intergovernmental	4,968,848	4,968,848	5,061,822	92,974
Charges for services	20,800	20,800	24,995	4,195
Investment earnings	35,500	35,500	35,742	242
Miscellaneous	32,100	32,100	16,875	(15,225)
Total revenues	<u>10,802,437</u>	<u>10,802,437</u>	<u>10,422,021</u>	<u>(380,416)</u>
Expenditures				
<u>General government</u>				
Supervision and finance				
Personal services	620,830	618,161	597,144	21,017
Supplies	12,500	12,500	8,822	3,678
Other services and charges	503,425	761,860	717,765	44,095
Capital outlay	900	150,900	-	150,900
City clerk's office				
Personal services	202,953	220,453	199,807	20,646
Supplies	13,000	13,000	9,238	3,762
Other services and charges	52,160	49,835	33,609	16,226
Capital outlay	5,000	5,000	4,814	186
City hall building maintenance				
Supplies	11,000	11,000	5,767	5,233
Other services and charges	343,000	339,060	273,455	65,605
Capital outlay	6,000	6,000	650	5,350
Personnel office				
Personal services	118,105	124,382	123,046	1,336
Supplies	2,600	3,359	2,536	823
Other services and charges	9,678	8,895	1,785	7,110
<u>Public safety</u>				
Police department				
Personal services	2,668,299	3,301,899	3,188,123	113,776
Supplies	237,000	245,000	171,890	73,110
Other services and charges	476,700	403,700	266,487	137,213
Capital outlay	60,000	141,500	77,811	63,689
Debt service	93,210	93,210	93,208	2

City of Greenwood, Mississippi

Budgetary Comparison Schedule - General Fund

For the year ended September 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>Budgetary Basis</u> <u>(See Note A)</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Municipal court				
Personal services	113,231	113,231	98,420	14,811
Supplies	4,441	4,441	2,270	2,171
Other services and charges	16,625	16,625	7,068	9,557
Capital outlay	5,000	5,000	-	5,000
Fire department				
Personal services	2,973,415	2,771,915	2,756,050	15,865
Supplies	112,600	130,600	91,323	39,277
Other services and charges	126,000	142,500	97,918	44,582
Capital outlay	5,000	12,000	14,526	(2,526)
Debt service	110,000	125,000	120,667	4,333
Inspection division				
Personal services	226,752	235,113	219,140	15,973
Supplies	8,600	9,050	5,871	3,179
Other services and charges	7,870	8,170	5,315	2,855
Capital outlay	6,500	3,642	-	3,642
<u>Public works</u>				
Engineering division				
Personal services	110,913	114,040	110,702	3,338
Supplies	36,950	29,668	28,377	1,291
Other services and charges	12,514	40,921	34,189	6,732
Capital outlay	500	1,925	1,921	4
Street division				
Personal services	488,244	488,244	405,728	82,516
Supplies	194,500	195,360	187,561	7,799
Other services and charges	419,151	419,296	364,902	54,394
Capital outlay	150,000	161,245	161,245	-
Equipment maintenance division				
Personal services	198,749	198,749	177,682	21,067
Supplies	26,890	23,230	19,038	4,192
Other services and charges	24,355	27,255	22,371	4,884
Capital outlay	500	1,260	1,254	6
Inventory control division				
Supplies	11,900	13,121	12,730	391
Other services and charges	1,417	396	30	366
Capital outlay	200	-	-	-

City of Greenwood, Mississippi

Budgetary Comparison Schedule - General Fund

For the year ended September 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>Budgetary Basis</u> <u>(See Note A)</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Culture and recreation</u>				
Park division recreation				
Personal services	7,900	150	173	(23)
Supplies	10,150	2,970	2,471	499
Other services and charges	2,500	2,000	2,451	(451)
Capital outlay	210	-	780	(780)
Park division maintenance				
Personal services	328,834	328,134	321,144	6,990
Supplies	54,500	54,400	53,716	684
Other services and charges	46,872	59,912	56,944	2,968
Capital outlay	15,000	16,600	16,055	545
Senior citizens center				
Supplies	4,300	4,500	4,283	217
Other services and charges	4,400	4,200	3,306	894
<u>Miscellaneous appropriations</u>				
Artplace Mississippi	10,000	10,000	10,000	-
Civil Defense	22,113	22,113	22,113	-
FoodCorps Appropriation	2,500	2,500	2,500	-
Main Street Project	20,000	20,000	20,000	-
Delta Streets	5,000	5,000	5,000	-
Boys & Girls Club Appropriations	12,500	12,500	12,500	-
Our House Appropriations	9,000	9,000	9,000	-
Greenwood Ministerial Association	5,000	5,000	5,000	-
Onnie M. Elliott Community Center	5,000	5,000	5,000	-
Armory	5,000	8,000	8,530	(530)
Salvation Army Appropriations	5,000	5,000	5,000	-
United Way	1,500	1,500	1,500	-
Library Appropriations	213,237	209,237	209,638	(401)
Industrial Board Appropriations	108,000	108,000	86,161	21,839
Humane Society Appropriations	10,000	10,000	10,000	-
Chamber of Commerce	7,500	12,500	8,500	4,000
Cemetery Appropriation	10,000	10,000	8,809	1,191
Red Cross Appropriations	5,000	5,000	5,000	-
Other Utility Appropriations	15,000	16,000	17,713	(1,713)
Airport Appropriation	117,500	117,500	110,000	7,500
Teach for America	2,500	2,500	-	2,500
Community Band	1,500	1,500	-	1,500
Museum of the Ms. Delta Appropriation	15,000	15,000	15,000	-

City of Greenwood, Mississippi

Budgetary Comparison Schedule - General Fund

For the year ended September 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>Budgetary Basis</u> <u>(See Note A)</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Miscellaneous appropriations (continued)</u>				
Greenwood Community Kitchen	5,000	5,000	5,000	-
Greenwood Mentoring Center	1,500	1,500	1,500	-
Fannie Lou Hammer	5,000	5,000	5,000	-
Chamber of Commerce-Fourth of July	3,000	3,000	-	3,000
Total expenditures	<u>11,926,193</u>	<u>12,901,927</u>	<u>11,772,042</u>	<u>1,129,885</u>
Excess (deficiency) of revenues over expenditures	<u>(1,123,756)</u>	<u>(2,099,490)</u>	<u>(1,350,021)</u>	<u>749,469</u>
Other Financing Sources (Uses)				
Proceeds from auction	1,500	1,500	2,232	732
Transfers in	1,190,340	1,670,340	1,359,221	(311,119)
Transfers out	-	(20,380)	(174,601)	(154,221)
Total other financing sources (uses)	<u>1,191,840</u>	<u>1,651,460</u>	<u>1,186,852</u>	<u>(464,608)</u>
Net change in fund balances	68,084	(448,030)	(163,169)	284,861
Budgetary fund balance - beginning	(68,084)	448,030	1,878,200	1,430,170
Budgetary fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,715,031</u>	<u>\$ 1,715,031</u>

City of Greenwood, Mississippi

Note A to Budgetary Comparison Schedule

General Fund

For the year ended September 30, 2020

Note A to Budgetary Comparison Schedule:

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

Sources/inflows of resources:

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule \$ 10,422,021

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 (1,488)

Amount due from the state for sales tax at year end is revenue for financial reporting purposes 26,220

Amount due from the state for liquor license at year end is revenue for financial reporting purposes 1,125

Amount due from the state for Covid-19 relief funds are revenues for financial reporting purposes 356,131

Proceeds from grant reimbursement funds reclassified to revenue for financial reporting purposes (246)

Amount due from franchisees at year end is revenue for financial reporting purposes (1,094)

Interest earnings on a certificate of deposit recorded as revenue for financial reporting purposes 203

Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - General Fund \$ 10,802,872

Uses/outflows of resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule \$ 11,772,042

Differences - budget to GAAP:

The City does not record accrued salaries for budgetary reporting purposes, only for the modified accrual basis (802)

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 21,452

The City reversed prior year payables on the modified accrual basis but not for the budgetary basis (73,413)

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 53,420

The City transferred money from the general fund to the cemetery fund to subsidize operations on the modified accrual basis but not for the budgetary basis (8,809)

Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - General Fund \$ 11,763,890

City of Greenwood, Mississippi

Required Supplementary Information

Schedule of Proportionate Share of the Net Pension Liability

Mississippi Public Employees' Retirement System

*Last 10 Fiscal Years**

<u>City of Greenwood</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Employer's proportionate share of the net pension liability	\$ 19,484,141	\$ 17,953,768	\$ 17,408,871	\$ 17,556,777	\$ 18,686,173	\$ 16,804,452
Employer's proportion of the net pension liability	0.105%	0.107%	0.109%	0.110%	0.109%	0.114%
Employer's covered-employee payroll	\$ 6,328,137	\$ 6,271,376	\$ 6,279,085	\$ 6,377,268	\$ 6,300,244	\$ 6,419,149
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	307.90%	286.28%	277.25%	275.30%	296.59%	261.79%
Plan fiduciary net position as a percentage of the total pension liability	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%
<u>Greenwood Utilities</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Employer's proportionate share of the net pension liability	\$ 11,899,879	\$ 10,969,124	\$ 11,129,621	\$ 10,730,069	\$ 10,983,115	\$ 9,475,618
Employer's proportion of the net pension liability	0.061%	0.062%	0.067%	0.065%	0.061%	0.061%
Employer's covered-employee payroll	\$ 4,093,109	\$ 4,060,908	\$ 4,273,054	\$ 4,140,787	\$ 3,933,479	\$ 3,829,632
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	290.73%	270.12%	260.46%	259.13%	279.22%	247.43%
Plan fiduciary net position as a percentage of the total pension liability	58.97%	61.59%	62.54%	61.49%	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, 2020 measurement date used for September 30, 2020).

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 to 3.37 for the 2017 measurement period to 3.90 for the 2018 measurement period. The remaining service life decreased in 2020 to 3.66 years from 3.76 years for the 2019 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	2020	2019	2018	2017	2016	2015
Contractually required employer contribution	\$ 1,228,028	\$ 1,118,946	\$ 1,116,067	\$ 1,069,742	\$ 1,096,361	\$ 1,117,164
Contributions in relation to the statutorily required contribution	1,228,028	1,118,946	1,116,067	1,069,742	1,096,361	1,117,164
Annual contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer's covered-employee payroll	<u>\$ 7,057,634</u>	<u>\$ 6,934,323</u>	<u>\$ 7,086,139</u>	<u>\$ 6,792,012</u>	<u>\$ 6,961,023</u>	<u>\$ 7,093,107</u>
Actual contributions as a percentage of covered-employee payroll	17.40%	16.14%	15.75%	15.75%	15.75%	15.75%
Greenwood Utilities	2020	2019	2018	2017	2016	2015
Contractually required employer contribution	\$ 713,119	\$ 649,430	\$ 672,209	\$ 653,196	\$ 630,869	\$ 609,678
Contributions in relation to the statutorily required contribution	713,119	649,430	672,209	653,196	630,869	609,678
Annual contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer's covered-employee payroll	<u>\$ 4,098,375</u>	<u>\$ 4,024,263</u>	<u>\$ 4,272,580</u>	<u>\$ 4,147,110</u>	<u>\$ 4,005,517</u>	<u>\$ 3,870,971</u>
Actual contributions as a percentage of covered-employee payroll	17.40%	16.14%	15.73%	15.75%	15.75%	15.75%

*The amounts presented for each fiscal year were determined as of the employer's fiscal year.

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 Changes in the Net Pension Liability

Disability & Relief - Municipal Retirement Systems Pension Plan

	2020	2019	2018	2017	2016	2015
Pension Liability						
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,764
Interest	499,336	521,385	545,172	570,503	597,730	619,518
Change in benefit terms	-	-	-	-	-	-
Difference between expected and actual experience	(141,030)	(49,836)	(94,373)	(144,384)	(169,577)	(107,862)
Change of assumptions	-	(22,718)	-	19,779	-	239,110
Benefit payments, including refunds of employee contributions	(716,763)	(749,907)	(765,541)	(779,960)	(778,993)	(802,724)
Net change in total pension liability	(358,457)	(301,076)	(314,742)	(334,062)	(350,840)	(43,194)
Total pension liability - beginning	6,801,426	7,102,502	7,417,244	7,751,306	8,102,146	8,145,340
Total pension liability - ending (a)	<u>\$ 6,442,969</u>	<u>\$ 6,801,426</u>	<u>\$ 7,102,502</u>	<u>\$ 7,417,244</u>	<u>\$ 7,751,306</u>	<u>\$ 8,102,146</u>
Plan Fiduciary Net Position						
Contributions - employer	\$ 368,513	\$ 446,779	\$ 447,022	\$ 444,143	\$ 465,290	\$ 501,221
Contributions - member	4,285	3,926	4,257	5,227	9,248	8,366
Net investment income	77,981	195,394	229,148	392,073	50,338	139,303
Benefit payments, including refunds of employee contributions	(716,763)	(749,907)	(765,541)	(779,960)	(778,993)	(802,724)
Administrative expense	(7,369)	(8,936)	(8,940)	(8,883)	(9,306)	(10,024)
Other changes	1	(2,852)	(279)	430	7,458	-
Net change in plan fiduciary net position	(273,352)	(115,596)	(94,333)	53,030	(255,965)	(163,858)
Plan net position - beginning	2,815,692	2,931,288	3,025,621	2,972,591	3,228,556	3,392,414
Plan net position - ending (b)	<u>\$ 2,542,340</u>	<u>\$ 2,815,692</u>	<u>\$ 2,931,288</u>	<u>\$ 3,025,621</u>	<u>\$ 2,972,591</u>	<u>\$ 3,228,556</u>
Net pension liability - ending (a) - (b)	<u>\$ 3,900,629</u>	<u>\$ 3,985,734</u>	<u>\$ 4,171,214</u>	<u>\$ 4,391,623</u>	<u>\$ 4,778,715</u>	<u>\$ 4,873,590</u>
Plan fiduciary net position as a percentage of the total pension liability	39.46%	41.40%	41.27%	40.79%	38.35%	39.85%
Covered payroll*	N/A	N/A	N/A	N/A	N/A	N/A
Net pension liability (asset) as a percentage of covered payroll*	N/A	N/A	N/A	N/A	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

Required Supplementary Information

Schedule of Contributions

Disability & Relief - Municipal Retirement Systems Pension Plan

	2020	2019	2018	2017	2016	2015
Actuarially determined contribution*	\$ 368,513	\$ 446,779	\$ 447,022	\$ 444,143	\$ 465,290	\$ 501,221
Contributions in relation to the actuarially determined contributions*	368,513	446,779	447,022	444,143	465,290	501,221
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll*	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered	N/A	N/A	N/A	N/A	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

Note 1 – Changes in Benefit Provisions (Mississippi Public Employees' Retirement System)

- **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.

Note 2 – Changes of Assumptions (Mississippi Public Employees' Retirement System)

- **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%.
- **2017:** The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022. Small adjustments were also made to the Mortality Table for disabled lives. In 2017, the wage inflation assumption was reduced from 3.75% to 3.25%. In 2017, withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience. Finally, the percentage of active member disabilities assumed to be in the line of duty was increased from 6.00% to 7.00%.
- **2019:** The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:
 - For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119.
 - For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119.
 - Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

The expectation of disabled mortality was changed to PubT.H-2010 Disabled Retiree Table for disabled retirees with the following adjustments:

- For males, 137% of male rates at all ages.
- For females, 115% of female rates at all ages.
- Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

City of Greenwood, Mississippi

Notes to the Schedules of Required Supplementary Information

The price inflation assumption was reduced from 3.00% to 2.75%, and wage inflation assumption was reduced from 3.25% to 3.00%.

Withdrawal rates, pre-retirement mortality rates, and service retirement rates were also adjusted to more closely reflect actual experience. The percentage of active member disabilities assumed to be in the line of duty was increased from 7% to 9%.

Note 3 – Method and Assumptions Used in Calculations of Actuarially Determined Contributions (Mississippi Public Employees' Retirement System)

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 (June 30, 2018 valuation for the June 30, 2020 fiscal year end). The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	38.4 years
Asset valuation method	Five year smoothed market
Price inflation	3.00%
Salary increase	3.25 - 18.50%, including inflation
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

Note 4 – Method and Assumptions Used in Calculations of Actuarially Determined Contributions (Disability & Relief - Municipal Retirement Systems Pension Plan)

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 (June 30, 2019 valuation for the June 30, 2020 fiscal year end). The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Ultimate Asset Reserve
Amortization method	N/A
Remaining amortization period	N/A
Asset valuation method	Market value of assets
Price inflation	3.00%
Salary increase	3.25 - 4.75%, including inflation
Investment rate of return	6.50%, net of pension plan investment expense, including inflation

Supplementary Information

City of Greenwood, Mississippi

Schedule of Surety Bonds for Municipal Officials

September 30, 2020

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Bond Amount</u>
Carolyn H. McAdams	Mayor	Travelers Casualty	\$ 100,000
Cynthia Staniel	Chief Administrative Officer	Travelers Casualty	\$ 50,000
Kim Y. Williams	City Clerk	Western Surety Company	\$ 50,000
Jody Bradley	Police Chief	Travelers Casualty	\$ 50,000
John H. 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

**Reports on Internal Control
and Compliance Matters**

City of Greenwood, Mississippi

Schedule of Expenditures of Federal Awards

For the Year Ended September 30, 2020

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of the Interior			
Passed-through Mississippi Department of Archives and History: Certified Local Government (CLG) Grant Program	15.904	Not Applicable	<u>\$ 8,674</u>
Total U.S. Department of the Interior			<u>8,674</u>
U.S. Department of the Justice			
Direct Program: Bulletproof Vest Program	16.607	Not Applicable	739
Passed-through Mississippi Department of Public Health: Violence Against Women Formula Grants	16.017	2018-WF-AX-0047	<u>32,921</u>
Total U.S. Department of Justice			<u>33,660</u>
U.S. Department of Transportation			
Passed-through Mississippi Department of Transportation: Highway Planning and Construction: (Federal-Aid Highway Program)-ARRA	20.205	STP-0180-00(024) LPA/107360-701000	713,425
Passed-through Mississippi Department of Public Safety: State and Community Highway Safety	20.600	PT-2020-PT-21-31	2,369
Alcohol Open Container Requirements	20.607	154AL-2019-ST-21-31	1,594
Passed-through Mississippi HOME Corporation: Blight Elimination Program Phase I	20.Unknown	BEP - 011	19,858
Blight Elimination Program Phase II	20.Unknown	BEP - 049	<u>7,800</u>
Total U.S. Department of Transportation			<u>745,046</u>
U.S. Department of Treasury			
Passed-through Mississippi Emergency Management Agency: COVID-Coronavirus Relief Fund	21.019	Not Applicable	<u>356,131</u>
Total U.S. Department of Treasury			<u>356,131</u>
TOTAL			<u><u>\$ 1,143,511</u></u>

City of Greenwood, Mississippi

Notes to Schedule of Expenditures of Federal Awards

For the Year Ended September 30, 2020

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, 2020. 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 - Contingencies

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 \$3,316,406

Phase V wastewater treatment facility 1.75% note dated November 9, 2013

66.458 SRF-C280782-04-2 \$33,884,347

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(1897 – 1967)
Billy Joe Killebrew, CPA
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Ralph F. Neely, CPA
(1927 –)

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the City Council
City of Greenwood, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Greenwood, Mississippi (the City), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated August 16, 2021. Our report includes a reference to other auditors who audited the financial statements of Greenwood Utilities and the Greenwood-Leflore Public Library System, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

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 have not been 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: 2019-1.

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*.

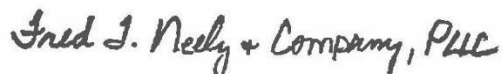
City of Greenwood, Mississippi's Response to Findings

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

A handwritten signature in black ink that reads "Fred T. Neely & Company, PLLC". The signature is written in a cursive, slightly stylized font.

Greenwood, Mississippi
August 16, 2021

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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, 2020. 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, 2020.

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

Fred T. Neely & Company, PLLC

Greenwood, Mississippi
August 16, 2021

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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, 2020 and have issued our report thereon dated August 16, 2021. 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 no material instances of noncompliance with state laws and regulations.

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

Fred T. Neely & Company, PLLC

Fred T. Neely & Company, PLLC

Greenwood, Mississippi
August 16, 2021

The City of Greenwood, Mississippi

Summary Schedule of Prior Audit Findings

Year Ended September 30, 2020

2019-1. 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.

The City of Greenwood, Mississippi

Schedule of Findings and Questioned Costs

Year Ended September 30, 2020

Section I: 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 20.205 - Highway Planning and Construction: (Federal-Aid Highway Program) | |
| 8. Dollar threshold used to distinguish between Type A and Type B programs: | \$750,000 |
| 9. Auditee qualified as a low-risk auditee? | No. |

Section II: Financial Statement Findings

Material Weakness

2020-1: 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

The City of Greenwood, Mississippi

Schedule of Findings and Questioned Costs

Year Ended September 30, 2020

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.

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.



Corrective Action Plan

August 16, 2021

The City of Greenwood, Mississippi respectfully submits the following corrective action plan for the year ended September 30, 2020.

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, 2020.

The findings from the 2020 Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

Findings – Financial Statement Audit

Material Weakness

2020-1:

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.

Please call the Mayor, Carolyn McAdams, at 662-453-2246 should there be any questions.

Sincerely yours,


Carolyn McAdams
Mayor