

OFFICE OF THE STATE AUDITOR REPORT NOTE:

Section 7-7-211, Mississippi Code Annotated (1972) gives the Office of the State Auditor the authority to audit, with the exception of municipalities, any governmental entity in the state. In the case of municipalities, *Section 21-35-31, Mississippi Code Annotated (1972)* requires municipalities to obtain an annual audit performed by a private CPA firm and submit that audit report to the Office of the State Auditor. The Office of the State Auditor files these audit reports for review in case questions arise related to the municipality.

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

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

The City of Greenwood, Mississippi

Greenwood, Mississippi

For the Year Ended September 30, 2021

The City of Greenwood, Mississippi

September 30, 2021

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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, 2021, 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 28 percent, -126 percent, and 31 percent, respectively, of the assets, net position, and revenues of the discretely presented component units. 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, 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, 2021, 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.

Prior Year Audited by Other Auditors

The 2020 financial statements of Greenwood Utilities (a blended component unit) were audited by other auditors and their report thereon, dated February 23, 2021, expressed an unmodified opinion.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension schedules, as listed in the table of contents, 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 basis financial statements.

The supplemental information and the schedule of expenditures of federal award 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 June 20, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Fred T. Neely & Company, PLLC

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

Greenwood, Mississippi
June 20, 2022

**Management's Discussion and Analysis
(Unaudited)**



The City of Greenwood, Mississippi

Management's Discussion and Analysis (Unaudited)

September 30, 2021

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, 2021. 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)

September 30, 2021

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 and the 2019 Tax Exempt Public Improvement General Obligation Bond Fund are the City's only major governmental funds. 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 and the 2019 Tax Exempt Public Improvement General Obligation Bond 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

Management's Discussion and Analysis (Unaudited)

September 30, 2021

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 2021 were as follows:

- The assets and deferred outflows of the City of Greenwood exceeded its liabilities and deferred inflows at the close of the 2021 fiscal year by \$78,270,285.
- The government's total net position decreased by \$1,713,615.
- The total assets and deferred outflows of resources of governmental activities decreased by \$4,419,053 from the prior year.
- The City's General Fund reported an ending fund balance of \$2,570,575, a decrease of \$471,241 from the prior year ending fund balance of \$3,041,816. The City's other major governmental fund, the 2019 Tax Exempt Public Improvement General Obligation Bond Fund, reported a total ending fund balance of \$573,120, a decrease of \$4,941,040 from the prior year. Other governmental funds reported a total ending fund balance of \$2,342,061, an increase of \$561,523 in comparison to prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2,570,575 or 21% of total General Fund expenditures including transfers and 22% 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 \$55,231,841. Debt in the amount of \$4,198,647 was repaid during the current fiscal year.



The City of Greenwood, Mississippi

Management's Discussion and Analysis (Unaudited)

September 30, 2021

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 2021 compared to 2020.

Table 1
Statement of Net Position (Summary)

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Assets						
Current & other assets	\$ 13,494,491	\$ 16,722,391	\$ 28,690,784	\$ 25,983,849	\$ 42,185,275	\$ 42,706,240
Capital assets, net	50,235,366	51,779,995	85,624,224	88,581,805	135,859,590	140,361,800
Total assets	63,729,857	68,502,386	114,315,008	114,565,654	178,044,865	183,068,040
Deferred Outflows	1,552,421	1,198,945	1,317,645	1,053,888	2,870,066	2,252,833
Liabilities						
Current liabilities	1,002,204	1,023,219	4,033,152	3,802,766	5,035,356	4,825,985
Due within year	2,096,923	2,072,697	1,891,003	2,681,795	3,987,926	4,754,492
Due in more than year	29,786,447	36,091,232	47,808,837	53,218,935	77,595,284	89,310,167
Total liabilities	32,885,574	39,187,148	53,732,992	59,703,496	86,618,566	98,890,644
Deferred Inflows	11,960,353	6,152,236	4,065,727	518,216	16,026,080	6,670,452
Net position						
Net investment in capital assets	34,055,464	33,896,566	47,402,716	48,168,529	81,458,180	82,065,095
Restricted	1,515,819	682,590	-	-	1,515,819	682,590
Unrestricted	(15,134,932)	(10,217,209)	10,431,218	7,229,301	(4,703,714)	(2,987,908)
Total net position	\$ 20,436,351	\$ 24,361,947	\$ 57,833,934	\$ 55,397,830	\$ 78,270,285	\$ 79,759,777

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 \$78,270,288, as of September 30, 2021. Total assets and deferred outflows of resources decreased \$4,405,942. Capital assets decreased by \$4,502,210. Net position of the City's governmental and business-type activities decreased by \$1,713,615, excluding the prior period adjustment.

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.



The City of Greenwood, Mississippi

Management's Discussion and Analysis (Unaudited)

September 30, 2021

Table 2 provides a summary of the Changes in Net Position government-wide for the year ended September 30, 2021, compared to the year ended September 30, 2020.

Table 2
Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues						
<u>Program revenues</u>						
Charges for services	\$ 1,470,545	\$ 1,431,662	\$ 35,353,567	\$ 33,965,733	\$ 36,824,112	\$ 35,397,395
Operating grants & contributions	718,252	560,708	8,159	-	726,411	560,708
Capital grants & contributions	254,461	713,425	670,295	-	924,756	713,425
<u>General revenues</u>						
Property taxes	5,444,526	5,401,454	-	-	5,444,526	5,401,454
Other taxes	5,859,435	5,155,831	-	-	5,859,435	5,155,831
Investment earnings	58,213	158,763	178,339	307,308	236,552	466,071
Other income (loss)	242,950	192,385	445,329	900,626	688,279	1,093,011
Total revenues	14,048,382	13,614,228	36,655,689	35,173,667	50,704,071	\$48,787,895
Expenses						
General government	1,771,178	1,955,858	-	-	1,771,178	1,955,858
Public safety	7,307,558	7,521,058	-	-	7,307,558	7,521,058
Public works	6,895,745	2,490,372	-	-	6,895,745	2,490,372
Health, welfare & sanitation	633,692	42,795	-	-	633,692	42,795
Culture & recreation	676,636	668,593	-	-	676,636	668,593
Economic development	1,007,084	924,016	-	-	1,007,084	924,016
Interest on debt	426,133	767,961	-	-	426,133	767,961
Miscellaneous	597,459	586,719	-	-	597,459	586,719
Sewer	-	-	4,602,747	5,707,223	4,602,747	5,707,223
Solid waste	-	-	1,955,179	1,905,998	1,955,179	1,905,998
Unemployment	-	-	6,199	1,058	6,199	1,058
Electric & water	-	-	26,538,076	26,111,057	26,538,076	26,111,057
Total expenses	19,315,485	14,957,372	33,102,201	33,725,336	52,417,686	48,682,708
Excess of revenues over expenditures	(5,267,103)	(1,343,144)	3,553,488	1,448,331	(1,713,615)	105,187
Transfers	1,341,507	1,531,348	(1,341,507)	(1,531,348)	-	-
Change in net position	(3,925,596)	188,204	2,211,981	(83,017)	(1,713,615)	105,187
Net position - beg	24,361,947	24,173,743	55,621,953	55,480,847	79,983,900	79,654,590
Net position - end	\$ 20,436,351	\$ 24,361,947	\$ 57,833,934	\$ 55,397,830	\$ 78,270,285	\$ 79,759,777



The City of Greenwood, Mississippi

Management's Discussion and Analysis (Unaudited)

September 30, 2021

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

- Increase in property tax collections of approximately \$40,000. Increased sales, franchise and other tax revenues increased approximately \$700,000, which is due to normal growth and the use tax received from The Mississippi Infrastructure Modernization Act of 2018.
- Grant money received increased approximately \$375,000 in the current fiscal year.
- The decrease in net position is approximately \$1,700,000. The decrease is due to costs incurred in the current year for capital improvements where the proceeds of the bond issuance were received in 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 \$620,000 decrease in operating expenses and an increase in total operating revenues of approximately \$1,500,000. The change in net position in 2021, as compared to the change in 2020 identified in Table 2, is due to an approximate \$1,400,000 increase in charges for services.
- For Greenwood Utilities, purchased power expenses increased by approximately \$1,800,000 as a result of an increase in the cost of purchased power and an increase in electric consumption to 271.2 million KWH in 2021 from 258.7 million KWH in 2020.

Governmental Activities

Several revenue sources fund our Governmental Activities. Under the accrual basis of accounting, sales and use taxes accounted for \$5,606,003 or 48% of general revenues less transfers and property taxes accounted for \$5,444,526 or 47% of general revenues less transfers.

Major expense activities, under the accrual basis of accounting, include public safety which accounted for 38% of total governmental activities expenses, public works accounted for 36% and general government accounted for 9%. 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 (Unaudited)

September 30, 2021

Business-type Activities

User fees fund our business-type activities. User fees accounted for \$35,353,567 or 97.6% of gross revenues (excluding special items) with investment earnings and grants and contributions accounting for the remaining 2.4% of gross revenues.

Major expense activities include electric and water which accounted for 80% of total business-type expenses (excluding special items), sewer accounted for 14% 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. The following schedules present a summary of the changes in fund balances and net position of the City's major funds and the City's non-major funds by type.

	Beginning <u>Fund Balance</u>	Increase <u>(Decrease)</u>	Ending <u>Fund Balance</u>
General Fund	\$ 3,041,816	\$ (471,241)	\$ 2,570,575
Other General Funds	62,621	(922)	61,699
Special Revenue Funds	453,497	535,581	989,078
Debt Service Funds	691,300	26,864	718,164
Capital Projects Funds	5,514,160	(4,941,040)	573,120
Total governmental funds	\$ 9,763,394	\$ (4,850,758)	\$ 4,912,636

	Beginning <u>Net Position</u> <u>(Restated)</u>	Increase <u>(Decrease)</u>	Ending <u>Net Position</u>
Sewage Enterprise	\$ 13,211,034	\$ 359,057	\$13,570,091
Greenwood Utilities	42,951,138	1,758,917	44,710,055
Other Enterprise Funds	(559,109)	123,754	(435,355)
Internal Service Fund	149,812	(265,824)	(116,012)
Total proprietary funds	\$ 55,752,875	\$ 1,975,904	\$57,728,779

The decrease in the general fund is primarily due to increases in payroll and other employee benefit related costs.

The increase in the special revenue funds is due to an increase in the use tax received as part of the MS Infrastructure Modernization Act.



The City of Greenwood, Mississippi

Management's Discussion and Analysis (Unaudited)

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The increase in the debt service funds is primarily due to an excess in ad valorem taxes and rent collected being more than what was needed for the repayment of debt.

The decrease in the capital projects funds resulted from costs incurred in the current year for capital improvements where the proceeds of the bond issuance were received in the prior year.

The increase in the sewage fund is primarily due to continued efforts to build reserves for necessary future capital improvements to the water and sewer systems.

The decrease in the other enterprise funds is primarily due to operating costs increasing more rapidly than operating revenues. The solid waste collection rates are adjusted as considered necessary in order to maintain an adequate fund balance.

The self-funded group insurance fund is an internal service fund that charges the City's employees and other City funds for the cost of providing health and dental insurance coverage to employees. This fund started the year with a positive net position. However, because the cost of claims in current year was higher than expected, the fund ended with a negative net position. The premium rates charged to employees and other City funds are adjusted annually in order to maintain adequate funds for paying claims.

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 2021, the City amended its general fund budget as needed. Recommendations for a budget amendment originate with the department head, are approved by the Mayor and submitted to the City Clerk to be placed on the agenda for City Council approval. The City does not allow budget changes that modify line items within departments without Council approval. With the General Fund supporting many of our major activities such as police and fire protection, legislative and executive activities, public works and recreational activities, the General Fund is monitored closely looking for possible revenue shortfalls or overspending by individual departments.

The General Fund's original budgeted revenues including other financing sources were \$12,447,270 and final budgeted revenues including other financing sources were \$12,459,220. Actual revenues including transfers were \$11,865,237 on the budgetary basis. The General Fund's original budgeted operating expenditures including transfers were \$13,278,851 compared to the final budget amount of \$13,568,276. Actual expenditures including transfers were \$12,242,200 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



The City of Greenwood, Mississippi

Management's Discussion and Analysis (Unaudited)

September 30, 2021

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, 2021, 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, 2021 to 2020 amounts as follows:

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 3,382,646	\$ 3,382,646	\$ 601,020	\$ 601,020	\$ 3,983,666	\$ 3,983,666
Infrastructure	13,763,740	14,325,890	48,943,695	51,157,715	62,707,435	65,483,605
Building & improvements	29,690,107	30,870,493	-	-	29,690,107	30,870,493
Equipment & furniture	469,591	548,068	97,290	143,116	566,881	691,184
Mobile equipment	1,734,076	1,668,691	684,393	782,739	2,418,469	2,451,430
Utilities plant assets	-	-	34,412,408	35,100,536	34,412,408	35,100,536
CIP	1,195,206	984,207	885,418	796,679	2,080,624	1,780,886
Total	\$ 50,235,366	\$ 51,779,995	\$ 85,624,224	\$ 88,581,805	\$ 135,859,590	\$ 140,361,800



The City of Greenwood, Mississippi

Management's Discussion and Analysis (Unaudited)

September 30, 2021

Long-Term Obligations

Table 4 compares the total outstanding long-term obligations of the City at September 30, 2021 to 2020 amounts as follows:

Table 4

Outstanding Notes and Long-term Obligations at Year End

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
G.O Bonds	\$ 9,836,000	\$ 10,914,000	\$ -	\$ -	\$ 9,836,000	\$ 10,914,000
Urban Revenue Bond	1,092,593	1,314,815	-	-	1,092,593	1,314,815
Notes Payable	4,567,803	4,833,397	432,638	457,884	5,000,441	5,291,281
State Revolving Loans	-	-	37,686,676	39,596,504	37,686,676	39,596,504
Sewer Revenue Bonds	-	-	-	185,000	-	185,000
Capital leases	585,238	712,302	73,521	145,215	658,759	857,517
Compensated absences	312,197	270,611	460,175	397,694	772,372	668,305
Total	\$ 16,393,831	\$ 18,045,125	\$ 38,653,010	\$ 40,782,297	\$ 55,046,841	\$ 58,827,422

The City's legal debt margin for the issuance of general obligation bonds at September 30, 2021, was \$10,788,373. 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 2021 and is expected to be completed in early 2022. It will enhance the historic look of our streets and match the appeal of Main and Howard Streets.

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



The City of Greenwood, Mississippi

Management's Discussion and Analysis (Unaudited)

September 30, 2021

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.

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

The City of Greenwood, Mississippi

Statement of Net Position

September 30, 2021

	Primary Government			Component
	<u>Governmental</u>	<u>Business-type</u>		<u>Units</u>
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>	
Assets				
<u>Current assets</u>				
Cash and cash equivalents	\$ 5,635,144	\$ 14,026,987	\$ 19,662,131	\$ 779,846
Accounts receivable, net	-	4,532,617	4,532,617	14,356
Property tax receivables	6,355,626	-	6,355,626	-
Other receivables	87,079	5,135	92,214	2,746
Internal balances	17,771	(17,771)	-	-
Due from other governmental agencies	1,381,635	661,784	2,043,419	91,699
Inventories	-	981,152	981,152	-
Prepays	17,236	120,473	137,709	12,865
Total current assets	<u>13,494,491</u>	<u>20,310,377</u>	<u>33,804,868</u>	<u>901,512</u>
<u>Restricted assets</u>				
Cash and cash equivalents	-	8,380,407	8,380,407	74,749
Total restricted assets	<u>-</u>	<u>8,380,407</u>	<u>8,380,407</u>	<u>74,749</u>
<u>Non-current assets</u>				
Capital assets, net of depreciation				
Land	3,382,646	601,020	3,983,666	-
Infrastructure	13,763,740	48,943,695	62,707,435	-
Building and improvements	29,690,107	-	29,690,107	45,932
Equipment and furniture	469,591	97,290	566,881	13,116
Library books and materials	-	-	-	123,181
Mobile equipment	1,734,076	684,393	2,418,469	-
Electric and water production plant	-	4,264,048	4,264,048	-
Electric and water distribution plant	-	28,396,245	28,396,245	-
Electric and water general plant	-	1,752,115	1,752,115	-
Construction in progress	1,195,206	885,418	2,080,624	-
Total non-current assets	<u>50,235,366</u>	<u>85,624,224</u>	<u>135,859,590</u>	<u>182,229</u>
Total assets	<u>63,729,857</u>	<u>114,315,008</u>	<u>178,044,865</u>	<u>1,158,490</u>
Deferred Outflow of Resources				
Pension	1,552,421	1,317,645	2,870,066	77,358
Total deferred outflows of resources	<u>1,552,421</u>	<u>1,317,645</u>	<u>2,870,066</u>	<u>77,358</u>

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Liabilities				
<u>Current liabilities</u>				
Accounts payable and accrued expenses	713,665	2,166,303	2,879,968	26,502
Due to other governmental agencies	2,883	4,134	7,017	-
Other payables	285,656	64,744	350,400	-
Total current liabilities	1,002,204	2,235,181	3,237,385	26,502
<u>Payables from restricted assets</u>				
Customer deposits	-	1,773,971	1,773,971	-
Unemployment compensation allowance	-	24,000	24,000	-
Total payables from restricted assets	-	1,797,971	1,797,971	-
<u>Long-term liabilities - due in one year</u>				
Bonds, capital leases, notes and contracts	1,686,458	1,697,194	3,383,652	-
Accrued interest	98,268	28,673	126,941	-
Accrued compensated absences	312,197	165,136	477,333	6,073
Total long-term liabilities - due in a year	2,096,923	1,891,003	3,987,926	6,073
<u>Non-current liabilities</u>				
Accrued compensated absences	-	295,039	295,039	4,288
Bonds, capital leases, notes and contracts	14,395,176	36,495,641	50,890,817	-
Net pension liability	15,391,271	11,018,157	26,409,428	626,552
Total non-current liabilities	29,786,447	47,808,837	77,595,284	630,840
Total liabilities	32,885,574	53,732,992	86,618,566	663,415
Deferred Inflows of Resources				
Unavailable revenue - property taxes	5,999,470	-	5,999,470	-
Unavailable revenue - recovery funds	1,666,953	-	1,666,953	-
Bond premium	-	3,885	3,885	-
Pension	4,293,930	4,061,842	8,355,772	213,980
Total deferred inflows of resources	11,960,353	4,065,727	16,026,080	213,980
Net Position				
Net investment in capital assets	34,055,464	47,402,716	81,458,180	182,229
Restricted	1,515,819	-	1,515,819	78,854
Unrestricted	(15,134,932)	10,431,218	(4,703,714)	97,370
Total net position	\$ 20,436,351	\$ 57,833,934	\$ 78,270,285	\$ 358,453

The City of Greenwood, Mississippi

Statement of Activities

For the Year Ended September 30, 2021

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Grants & Contributions Operating	Capital
Primary government				
<i>Governmental activities</i>				
General government	\$ 1,771,178	\$ 138,148	\$ 1,584	\$ -
Public safety	7,307,558	219,186	148,141	-
Public works	6,895,745	110,308	13,202	172,799
Health, welfare and sanitation	633,692	-	555,165	73,562
Culture and recreation	676,636	28,706	160	-
Economic development	1,007,084	132,642	-	8,100
Miscellaneous appropriations	597,459	-	-	-
Interest and fiscal charges on long-term debt	426,133	841,555	-	-
Total governmental activities	19,315,485	1,470,545	718,252	254,461
<i>Business-type activities</i>				
Sewer	4,602,747	3,656,035	-	670,295
Solid waste	1,955,179	2,057,851	8,159	-
Unemployment compensation	6,199	-	-	-
Electric and water	26,538,076	29,639,681	-	-
Total business-type activities	33,102,201	35,353,567	8,159	670,295
Total primary government	\$52,417,686	\$ 36,824,112	\$ 726,411	\$ 924,756
Component Units				
Tourism Commission	\$ 720,929	\$ -	\$ 223,943	\$ -
Public Library	469,043	11,737	86,836	-
Total component units	\$ 1,189,972	\$ 11,737	\$ 310,779	\$ -

General revenues

Taxes:

Property taxes, levied for general purposes

Property taxes, levied for specific purposes

Franchise taxes

Sales and use taxes

Payments from the city and county

Grants & contributions not restricted to specific programs

Unrestricted investment earnings

Miscellaneous

Special item—Gain (Loss) on disposal and sale of assets

Transfers, net

Total general revenues, special items and transfers

Change in net position

Net position - beginning

Prior period adjustment

Net position - beginning, as restated

Net position - ending

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Units
Governmental Activities	Business-Type Activities	Total	
\$ (1,631,446)		\$ (1,631,446)	
(6,940,231)		(6,940,231)	
(6,599,436)		(6,599,436)	
(4,965)		(4,965)	
(647,770)		(647,770)	
(866,342)		(866,342)	
(597,459)		(597,459)	
415,422		415,422	
(16,872,227)		(16,872,227)	
	\$ (276,417)	(276,417)	
	110,831	110,831	
	(6,199)	(6,199)	
	3,101,605	3,101,605	
	2,929,820	2,929,820	
(16,872,227)	2,929,820	(13,942,407)	
			\$ (496,986)
			(370,470)
			(867,456)
4,720,870	-	4,720,870	-
723,656	-	723,656	-
253,432	-	253,432	-
5,606,003	-	5,606,003	557,411
-	-	-	382,724
211,956	-	211,956	7,638
58,213	178,339	236,552	4,519
-	-	-	388
30,994	445,329	476,323	-
1,341,507	(1,341,507)	-	-
12,946,631	(717,839)	12,228,792	952,680
(3,925,596)	2,211,981	(1,713,615)	85,224
24,361,947	55,397,830	79,759,777	273,229
-	224,126	224,126	-
24,361,947	55,621,956	79,983,903	273,229
\$ 20,436,351	\$ 57,833,937	\$ 78,270,288	\$ 358,453

The City of Greenwood, Mississippi

Balance Sheet
Governmental Funds
September 30, 2021

	<u>General Fund</u>	<u>Public Improvement Bond Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Cash and cash equivalents	\$ 1,513,924	\$ 573,120	\$ 3,453,569	\$ 5,540,613
Property taxes receivable, net	5,336,308	-	1,019,318	6,355,626
Other receivables	54,466	-	-	54,466
Intergovernmental receivables	916,152	-	462,648	1,378,800
Due from other funds	396,151	-	-	396,151
Total assets	<u>\$ 8,217,001</u>	<u>\$ 573,120</u>	<u>\$ 4,935,535</u>	<u>\$ 13,725,656</u>
Liabilities				
Accounts payable	\$ 295,456	\$ -	\$ 167,124	\$ 462,580
Due to other funds	33,745	-	355,489	389,234
Other accrued expenses	251,085	-	-	251,085
Other payables	38,049	-	5,649	43,698
Total liabilities	<u>618,335</u>	<u>-</u>	<u>528,262</u>	<u>1,146,597</u>
Deferred Inflows of Resources				
Unavailable revenue - property taxes	5,028,091	-	971,379	5,999,470
Unavailable revenue - recovery funds	-	-	1,666,953	1,666,953
Total deferred inflows of resources	<u>5,028,091</u>	<u>-</u>	<u>2,638,332</u>	<u>7,666,423</u>
Fund Balances				
Restricted	-	573,120	1,638,662	2,211,782
Assigned	-	-	130,279	130,279
Unassigned	2,570,575	-	-	2,570,575
Total fund balances	<u>2,570,575</u>	<u>573,120</u>	<u>1,768,941</u>	<u>4,912,636</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 8,217,001</u>	<u>\$ 573,120</u>	<u>\$ 4,935,535</u>	<u>\$ 13,725,656</u>

The City of Greenwood, Mississippi

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position For the Year Ended September 30, 2021

Total fund balance, governmental funds	\$ 4,912,636
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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.	50,235,366
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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.	17,236
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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.	(104,008)
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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.	(16,492,099)
--	--------------

Net pension obligations recorded in governmental activities are not a financial resource and therefore are not reported in the governmental funds.	
Net pension liability	(15,391,271)

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	1,552,421
Deferred inflows of resources related to pensions	(4,293,930)

Net Position of Governmental Activities in the Statement of Net Position	<u>\$ 20,436,351</u>
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The City of Greenwood, Mississippi

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2021

	<u>General Fund</u>	<u>Public Improvement Bond Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Property taxes	\$ 4,720,870	\$ -	\$ 723,656	\$ 5,444,526
General sales tax	5,092,283	-	-	5,092,283
Fees and fines	170,831	-	7,511	178,342
Licenses and permits	357,867	-	-	357,867
Intergovernmental	353,914	-	1,506,874	1,860,788
Charges for services	5,570	-	-	5,570
Investment earnings	14,533	29,571	12,484	56,588
Miscellaneous	30,666	-	989,133	1,019,799
Total revenues	<u>10,746,534</u>	<u>29,571</u>	<u>3,239,658</u>	<u>14,015,763</u>
Expenditures				
Current:				
General government	1,858,190	-	25,000	1,883,190
Public safety	7,433,366	-	106,711	7,540,077
Public works	1,361,930	4,928,411	20,972	6,311,313
Health and welfare	-	-	625,692	625,692
Culture and recreation	498,846	-	15,660	514,506
Miscellaneous appropriations	597,459	-	-	597,459
Economic development and assistance	-	-	89,117	89,117
Debt Service:				
Principal	155,972	-	1,536,908	1,692,880
Interest and other charges	7,961	-	418,172	426,133
Capital Outlay	358,462	-	210,999	569,461
Total expenditures	<u>12,272,186</u>	<u>4,928,411</u>	<u>3,049,231</u>	<u>20,249,828</u>
Excess (deficiency) of revenues over expenditures	<u>(1,525,652)</u>	<u>(4,898,840)</u>	<u>190,427</u>	<u>(6,234,065)</u>
Other Financing Sources (Uses)				
Proceeds from insurance	41,800	-	-	41,800
Transfers in	1,120,265	-	390,280	1,510,545
Transfers out	(107,654)	(42,200)	(19,184)	(169,038)
Total other financing sources and uses	<u>1,054,411</u>	<u>(42,200)</u>	<u>371,096</u>	<u>1,383,307</u>
Net change in fund balances	<u>(471,241)</u>	<u>(4,941,040)</u>	<u>561,523</u>	<u>(4,850,758)</u>
Fund balances - beginning	<u>3,041,816</u>	<u>5,514,160</u>	<u>1,207,418</u>	<u>9,763,394</u>
Fund balances - ending	<u>\$ 2,570,575</u>	<u>\$ 573,120</u>	<u>\$ 1,768,941</u>	<u>\$ 4,912,636</u>

The 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, 2021

Net change in fund balances - total governmental funds:	\$ (4,850,758)
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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.

	(1,533,824)
--	-------------

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.

	(10,806)
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Governmental funds report bond and capital lease proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of bond and capital lease principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the amount by which proceeds exceeded repayments.

	1,692,880
--	-----------

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	(3,868)
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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	10,647
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Accrued compensated absences not reflected in the governmental funds	(41,586)
--	----------

The Statement of Activities reports pension expenditures and other activity related to the net pension liability.

	1,043,757
--	-----------

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.

	(232,038)
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Change in net position of governmental activities	<u>\$ (3,925,596)</u>
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The City of Greenwood, Mississippi

Statement of Net Position

Proprietary Funds

September 30, 2021

Assets	<u>Sewage Enterprise</u>	<u>Greenwood Utilities</u>	<u>Other Enterprise</u>	<u>Total</u>	<u>Internal Service</u>
<u>Current assets</u>					
Cash and cash equivalents	\$ 67,432	\$ 13,437,136	\$ 522,419	\$ 14,026,987	\$ 94,531
Accounts receivable, net	-	4,532,617	-	4,532,617	31,415
Due from other funds	687,117	94,958	428,119	1,210,194	-
Due from other governmental agencies	661,784	-	-	661,784	-
Other receivables	1,142	3,993	-	5,135	-
Inventories	-	981,152	-	981,152	-
Prepaid expenses	10,341	103,237	6,895	120,473	-
Total current assets	<u>1,427,816</u>	<u>19,153,093</u>	<u>957,433</u>	<u>21,538,342</u>	<u>125,946</u>
<u>Restricted assets</u>					
Cash and cash equivalents	296,359	8,084,048	-	8,380,407	-
Total restricted assets	<u>296,359</u>	<u>8,084,048</u>	<u>-</u>	<u>8,380,407</u>	<u>-</u>
<u>Non-current assets</u>					
Construction in progress	-	885,418	-	885,418	-
Land	81,500	519,520	-	601,020	-
Infrastructure	67,621,769	-	-	67,621,769	-
Equipment and furniture	314,159	-	334,481	648,640	-
Mobile equipment	723,131	-	2,507,280	3,230,411	-
Electric and water production plant	-	5,433,995	-	5,433,995	-
Electric and water distribution plant	-	55,865,463	-	55,865,463	-
Electric and water general plant	-	7,403,411	-	7,403,411	-
Less: accumulated depreciation	<u>(19,543,422)</u>	<u>(34,290,461)</u>	<u>(2,232,020)</u>	<u>(56,065,903)</u>	<u>-</u>
Total non-current assets	<u>49,197,137</u>	<u>35,817,346</u>	<u>609,741</u>	<u>85,624,224</u>	<u>-</u>
Total assets	<u>50,921,312</u>	<u>63,054,487</u>	<u>1,567,174</u>	<u>115,542,973</u>	<u>125,946</u>
Deferred Outflows of Resources					
Pension	148,212	992,414	177,019	1,317,645	-
Total deferred outflows of resources	<u>148,212</u>	<u>992,414</u>	<u>177,019</u>	<u>1,317,645</u>	<u>-</u>

Liabilities	<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 liabilities</u>					
Accounts payable and accrued expens	28,550	1,930,649	207,104	2,166,303	241,958
Accrued interest payable	28,673	-	-	28,673	-
Due to other funds	-	1,217,111	-	1,217,111	-
Payable to other governments	-	4,134	-	4,134	-
Other payables	-	64,741	-	64,741	-
Accrued compensated absences	19,699	118,977	26,460	165,136	-
Capital lease obligations	-	-	73,521	73,521	-
State revolving loans payable	1,493,857	129,816	-	1,623,673	-
Total current liabilities	1,570,779	3,465,428	307,085	5,343,292	241,958
<u>Payable from restricted assets</u>					
Customer deposits	-	1,773,971	-	1,773,971	-
Unemployment allowance	-	24,000	-	24,000	-
Total payable from restricted assets	-	1,797,971	-	1,797,971	-
<u>Non-current liabilities</u>					
Accrued compensated absences	-	295,039	-	295,039	-
State revolving loans payable	34,357,017	2,138,624	-	36,495,641	-
Net pension liability	1,192,111	8,402,236	1,423,810	11,018,157	-
Total non-current liabilities	35,549,128	10,835,899	1,423,810	47,808,837	-
Total liabilities	37,119,907	16,099,298	1,730,895	54,950,100	241,958
Deferred Inflows of Resources					
Bond premium	3,885	-	-	3,885	-
Pension	375,641	3,237,548	448,653	4,061,842	-
Total deferred inflows of resources	379,526	3,237,548	448,653	4,065,727	-
Net Position					
Net investment in capital assets	13,317,590	33,548,906	536,220	47,402,716	-
Unrestricted	252,501	11,161,149	(971,575)	10,442,075	(116,012)
Total net position	\$ 13,570,091	\$ 44,710,055	\$ (435,355)	\$ 57,844,791	\$ (116,012)

The City of Greenwood, Mississippi

Statement of Revenues, Expenses and Changes in Fund Net Position
 Proprietary Funds
 For the Year Ended September 30, 2021

	<u>Sewage Enterprise</u>	<u>Greenwood Utilities</u>	<u>Other Enterprise</u>	<u>Total</u>	<u>Internal Service</u>
Operating Revenues					
Charges for services	\$ 3,654,887	\$ 29,159,792	\$ 2,006,000	\$ 34,820,679	\$ 1,342,232
Reinsurance funds	-	-	-	-	34,331
Miscellaneous	1,148	479,889	51,851	532,888	17,273
Total operating revenues	<u>3,656,035</u>	<u>29,639,681</u>	<u>2,057,851</u>	<u>35,353,567</u>	<u>1,393,836</u>
Operating Expenses					
Personal services	616,904	-	755,268	1,372,172	-
Contractual services	972,245	-	922,367	1,894,612	-
Other supplies and expenses	134,972	-	177,885	312,857	-
Insurance claims and expenses	-	-	-	-	1,661,296
Generating expenses	-	16,755,115	-	16,755,115	-
Distribution expenses	-	2,655,648	-	2,655,648	-
General and administrative expenses	-	3,241,046	-	3,241,046	-
Customer account expenses	-	388,162	-	388,162	-
Production expenses	-	692,690	-	692,690	-
Sales expenses	-	4,047	-	4,047	-
Meter reading	-	424,853	-	424,853	-
Depreciation	2,272,263	2,124,932	85,929	4,483,124	-
Total operating expenses	<u>3,996,384</u>	<u>26,286,493</u>	<u>1,941,449</u>	<u>32,224,326</u>	<u>1,661,296</u>
Operating income (loss)	<u>(340,349)</u>	<u>3,353,188</u>	<u>116,402</u>	<u>3,129,241</u>	<u>(267,460)</u>
Non-Operating Revenues (Expenses)					
Interest and investment revenue	4,472	171,756	2,104	178,332	1,636
Interest expense	(598,803)	(45,583)	(2,912)	(647,298)	-
Amortization of bond premium	5,176	-	-	5,176	-
Utility appropriations					
Greenwood Public Schools	-	(150,000)	-	(150,000)	-
Other	-	(56,000)	-	(56,000)	-
Gain (loss) on disposal and sale of assets	-	445,329	-	445,329	-
Total non-operating revenue (expenses)	<u>(589,155)</u>	<u>365,502</u>	<u>(808)</u>	<u>(224,461)</u>	<u>1,636</u>
Income (loss) before contributions and transfers	<u>(929,504)</u>	<u>3,718,690</u>	<u>115,594</u>	<u>2,904,780</u>	<u>(265,824)</u>
Capital & operating grants and contributions	670,295	-	8,159	678,454	-
Proceeds from legal settlement	-	-	-	-	-
Transfers in	618,266	-	-	618,266	-
Transfers out	-	(1,959,773)	-	(1,959,773)	-
Change in net position	<u>359,057</u>	<u>1,758,917</u>	<u>123,753</u>	<u>2,241,727</u>	<u>(265,824)</u>
Total net position - beginning	<u>13,736,542</u>	<u>42,514,850</u>	<u>(872,452)</u>	<u>55,378,940</u>	<u>149,812</u>
<i>Prior period adjustment</i>	<u>(525,508)</u>	<u>436,288</u>	<u>313,344</u>	<u>224,124</u>	
Total net position - beginning, as restated	<u>13,211,034</u>	<u>42,951,138</u>	<u>(559,108)</u>	<u>55,603,064</u>	<u>149,812</u>
Total net position - ending	<u>\$ 13,570,091</u>	<u>\$ 44,710,055</u>	<u>\$ (435,355)</u>	<u>\$ 57,844,791</u>	<u>\$ (116,012)</u>
Change in net position, per above				\$ 2,241,727	
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.				(29,746)	
Change in net position - business-type activities per government-wide statements				<u>\$ 2,211,981</u>	

The City of Greenwood, Mississippi

Statement of Cash Flows

Proprietary Funds

For the Year Ended September 30, 2021

	<u>Sewage</u> <u>Enterprise</u> <u>Fund</u>	<u>Greenwood</u> <u>Utilities</u> <u>Fund</u>	<u>Other</u> <u>Enterprise</u> <u>Funds</u>	<u>Total</u>	<u>Internal</u> <u>Service</u> <u>Fund</u>
Cash flows from operating activities					
Receipts from customers and users	\$ 3,543,572	\$ 27,377,167	\$ 2,038,894	\$ 32,959,633	\$ -
Receipts from Greenwood Public Schools	-	745,094	-	745,094	-
Receipts from the Greenwood-Leflore Industrial Board and other agencies	-	141,294	-	141,294	-
Receipts from governmental funds	-	220,460	-	220,460	-
Payments for interfund services provided	-	-	-	-	1,342,232
Receipts from governments	-	-	8,159	8,159	15,765
Receipts for sewer & solid waste collections for others	-	7,041,752	-	7,041,752	-
Receipts from customer meter deposits	-	141,463	-	141,463	-
Receipts from other revenue	806	507,457	51,851	560,114	17,273
Payments for claims	-	-	(6,199)	(6,199)	(1,466,726)
Payments to suppliers for goods and services	(1,183,373)	(21,036,498)	(1,008,175)	(23,228,046)	-
Payments to employees	(668,562)	(3,236,526)	(808,151)	(4,713,239)	-
Payments for sewer and solid waste collections for others	-	(7,036,734)	-	(7,036,734)	-
Payments for customer meter deposit refunds	-	(101,598)	-	(101,598)	-
Net cash provided by (used for) operating activities	1,692,443	4,763,331	276,379	6,732,153	(91,456)
Cash flows from noncapital financing activities					
Transfers from governmental funds	618,266	-	-	618,266	-
Transfers to governmental funds	-	(1,959,773)	-	(1,959,773)	-
Net cash provided by (used for) noncapital financing activities	618,266	(1,959,773)	-	(1,341,507)	-
Cash flows from capital and related financing activities					
Acquisition and construction of capital assets	-	(1,558,686)	-	(1,558,686)	-
Proceeds from sale of capital assets	-	478,472	-	478,472	-
Principal paid on capital debt	(1,992,762)	(127,311)	(71,695)	(2,191,768)	-
Interest paid on capital debt	(596,803)	(45,583)	(2,912)	(645,298)	-
Net cash provided (used) for capital and related financing activities	(2,589,565)	(1,253,108)	(74,607)	(3,917,280)	-
Cash flows provided by (used for) investing activities					
Proceeds from sale/maturities of investments	-	5,200,000	-	5,200,000	-
Interest on investments	2,472	174,939	2,104	179,515	1,636
Net cash provided by (used for) investing activities	2,472	5,374,939	2,104	5,379,515	1,636
Net increase (decrease) in cash and cash equivalents	(276,384)	6,925,389	203,876	6,852,881	(89,820)
Cash and cash equivalents at beginning of year	640,175	14,595,795	318,543	15,554,513	184,351
Cash and cash equivalents at end of year	<u>\$ 363,791</u>	<u>\$ 21,521,184</u>	<u>\$ 522,419</u>	<u>\$ 22,407,394</u>	<u>\$ 94,531</u>

	<u>Sewage</u> <u>Enterprise</u> <u>Fund</u>	<u>Greenwood</u> <u>Utilities</u> <u>Fund</u>	<u>Other</u> <u>Enterprise</u> <u>Funds</u>	<u>Total</u>	<u>Internal</u> <u>Service</u> <u>Fund</u>
Reconciliation of operating income to net cash					
provided (used) by operating activities:					
Operating income (loss)	\$ (340,349)	\$ 3,353,188	\$ 116,402	\$ 3,129,241	\$ (267,460)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation expense	2,272,263	2,124,932	85,929	4,483,124	-
Utility appropriations to the Greenwood Public School District	-	(150,000)	-	(150,000)	-
Utility appropriations to other agencies	-	(56,000)	-	(56,000)	-
Provisions for bad debts	-	98,050	-	98,050	-
(Increase) decrease in accounts receivables, net	-	(561,691)	-	(561,691)	(18,566)
(Increase) decrease in due from other governments	8,511	(3,359)	8,159	13,311	-
(Increase) decrease in due from other funds	(119,826)	(21,826)	32,894	(108,758)	-
(Increase) decrease in other receivables	(342)	35,413	-	35,071	-
(Increase) decrease in inventories	-	(14,897)	-	(14,897)	-
(Increase) decrease in prepaid expenses	2,321	7,484	1,548	11,353	-
Increase (decrease) in accounts payable	(78,477)	412,963	90,529	425,015	194,568
Increase (decrease) in customer deposits	-	39,865	-	39,865	-
Increase (decrease) in accrued compensated absences	(5,586)	23,092	(4,054)	13,452	-
Increase (decrease) in due to other funds	-	28,743	-	28,743	-
Increase (decrease) in due to other governments	-	(107,299)	-	(107,299)	-
Increase (decrease) in sewer/solid waste collected for the city	-	86,933	-	86,933	-
Increase (decrease) in other payables	-	(43,663)	-	(43,663)	-
Increase (decrease) in sales tax payable	-	7,780	-	7,780	-
Increase (decrease) in accrued salaries	-	97,044	-	97,044	-
Increase (decrease) in pension related balances	(46,072)	(593,421)	(55,028)	(694,521)	-
Total adjustments	2,032,792	1,410,143	159,977	3,602,912	176,002
Net cash provided by (used for) operating activities	<u>\$ 1,692,443</u>	<u>\$ 4,763,331</u>	<u>\$ 276,379</u>	<u>\$ 6,732,153</u>	<u>\$ (91,458)</u>

Noncash investing, capital and financing activities:

During the year, Greenwood Utilities and the Sewage Enterprise Fund did not receive any noncash capital contributions from developers consisting of water and electric distribution and sewer distribution infrastructure.

Reconciliation of total cash and cash investments:

Current assets - cash and cash investments	\$ 67,432	\$13,437,136	\$ 522,419	\$14,026,987	\$ 94,531
Restricted assets - cash and cash investments	296,359	8,084,048	-	8,380,407	-
Total cash and cash investments	<u>\$ 363,791</u>	<u>\$21,521,184</u>	<u>\$ 522,419</u>	<u>\$22,407,394</u>	<u>\$ 94,531</u>

The City of Greenwood, Mississippi

Statement of Fiduciary Net Position

Fiduciary Funds

September 30, 2021

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	\$ 153,291
Property taxes receivable	<u>390,395</u>
Total assets	<u><u>\$ 543,686</u></u>
Liabilities	
Due to other governments	\$ 41,443
Accrued payroll taxes and benefits payable	132,353
Unavailable revenue - property taxes	366,292
Other liabilities	<u>3,598</u>
Total liabilities	<u><u>\$ 543,686</u></u>

Notes to Financial Statements

The City of Greenwood, Mississippi

Notes to Financial Statements

September 30, 2021

Note 1 – Summary of Significant Accounting Policies

The City of Greenwood, Mississippi, (the City) is incorporated under the laws of the State of Mississippi. 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.

A. Reporting Entity

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 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 accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

In evaluating the City as a reporting entity, management has considered all potential component units in accordance with Section 2100: Defining the Financial Reporting Entity of the Governmental Accounting Standards Board (GASB) Codification.

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 City of Greenwood, Mississippi

Notes to Financial Statements

September 30, 2021

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

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

The government-wide focus is more on the sustainability of the City as an entity and the changes in the City's net position resulting from the current year's activities.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary agency funds, even though the latter are excluded from the government-wide financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures/expenses. Major individual governmental funds and major individual enterprise funds are reported as separate columns in their fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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.

The City of Greenwood, Mississippi

Notes to Financial Statements

September 30, 2021

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. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source. All other revenue items are considered to be measurable and available only when cash is received by the City.

The fund financial statements provide information about the City's funds, including its fiduciary funds. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

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.

2019 Tax Exempt Public Improvement General Obligation Bond Fund – This fund accounts for the bond issue and proceeds being used for street resurfacing and road improvements.

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.

The City of Greenwood, Mississippi

Notes to Financial Statements

September 30, 2021

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'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.

The City of Greenwood, Mississippi

Notes to Financial Statements

September 30, 2021

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.

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, 2021. 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

The City of Greenwood, Mississippi

Notes to Financial Statements

September 30, 2021

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 and Inflows of Resources, and Net Position or Equity

1. Cash and Cash Equivalents

Cash and cash equivalents consist of amounts on deposit with financial institutions, cash held by trustees, petty cash, and all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased. Cash equivalents and investments are stated at cost which approximates fair market value.

The City may invest in interest-bearing time certificates of deposit or any bonds or other direct obligations of the United States of America, the State of Mississippi, or any county, municipality, or school district of Mississippi, provided certain provisions have been met.

2. Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include property taxes, sales taxes, franchise taxes, and grants. Business-type activities report utility collections earnings as their major receivables.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise tax, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Utility collection accounts receivable compose the majority of proprietary fund receivables. Receivables for Greenwood Utilities are reported net of uncollectible amounts. All accounts

The City of Greenwood, Mississippi

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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 \$2,728,704 of total receivables at September 30, 2021.

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. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

5. Restricted Assets

Certain assets of the City are classified as restricted assets on the statement of net position because their use is limited by law through constitutional provisions or enabling legislation; or by restrictions imposed externally by creditors, grantors, contributors or laws or regulations of other governments. Special restricted asset accounts have been established to account for the sources and uses of these limited use assets.

The 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.

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.

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- 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.

6. 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.

7. 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.

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8. 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, 2021.

9. Compensated Absences

The City and Greenwood Utilities accrue 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 or Greenwood Utilities. There is no payment of accrued personal leave 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, 2021, 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, 2021. 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

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years or more service, is multiplied by the employee's hourly rate at September 30, 2021. 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.

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 the following items that qualify for reporting in the deferred inflow category. The unavailable revenue – property taxes, grant funds, 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

Program Revenues

Amounts reported as program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment.

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Grant Revenues

Revenues from federal, state, and other grants, the purpose of which is to fund specific City expenditures, are recognized at the time of the specific expenditure.

Property Taxes

Property taxes attach as an enforceable lien on property as of the date levied by the City. Taxes are levied annually on or before January 1st for the subsequent fiscal year. Property taxes are recorded as a receivable in the period levied, but the revenue is deferred until the subsequent year in which it is available for use by the City. See Note 3 for further information.

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

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

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds – by Character: Current (further classified by function)
 Debt Service
 Capital Outlay
Proprietary Fund – as Operating or Non-operating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to the use of economic resources.

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14. Categories and Classifications of Fund Equity

Government-wide Statements

Equity is classified as net position and displayed in three components:

- a. *Net investment in capital assets* – Consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, other borrowings, and related deferred outflows of resources that are attributable to the acquisition, construction, or improvement of those assets.
- b. *Restricted net position* – Consists of net position amounts with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. *Unrestricted net position* – All other net position amounts that do not meet the definition of "restricted" or "net investment in capital assets."

Fund Financial Statements

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.

The governmental fund financial statements present fund balances based on the extent of the constraints on their use as follows:

- a. *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.
- b. *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.
- c. *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.

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- d. *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, 2021.
- e. *Unassigned* – This classification represents amounts that have not been restricted, committed or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount.

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

15. Pension

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, liabilities and deferred inflows and outflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. 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.

The City of Greenwood, Mississippi

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19. Recently Implemented and Issued Accounting Pronouncements

In fiscal year 2021, the City implemented GASB Statement No. 84, Fiduciary Activities. This statement establishes criteria for identifying fiduciary activities of governments and for identifying fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The adoption of this statement did not have a significant impact on the City's financial statements.

The Governmental Accounting Standards Board has issued statements that will become effective in future years. These statements are as follows:

In June 2017, the GASB issued Statement No. 87, Leases. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This statement will become effective for the City in fiscal year 2022. Under this statement, a lessee is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for reporting periods beginning after June 15, 2021.

In February 2020, the GASB issued Statement No. 92, Omnibus 2020. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This statement will become effective for the City in fiscal year 2022.

In May 2020, the GASB issued Statement No. 93, Replacement of Interbank Offered Rates. The objectives of this statement are to address financial reporting issues that result from the replacement of an Interbank Offered Rate (IBOR), most notably the London Interbank Offered Rate (LIBOR), by providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment and clarification of the hedge accounting termination provisions when a hedged item is amended to replace the reference rate; replacing LIBOR as an appropriate benchmark interest rate for the evaluation of the effectiveness of an interest rate swap with a Secured Overnight Financing Rate or the Effective Federal Funds Rate; and providing exceptions to the lease modifications guidance in Statement 87, Leases, as amended, for lease contracts that are amended solely to replace an IBOR used to determine variable payments. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2022. All other requirements of this statement are effective for reporting periods beginning after June 15, 2021.

In May 2020, the GASB issued GASB Statement No. 96, Subscription-Based Information Technology Arrangements. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users

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(governments). This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Statement.

The City is evaluating the requirements of the above statements and the impact on reporting.

20. Reclassifications

Certain reclassifications have been made to the financial statements to conform to the 2021 presentation. The reclassifications have no effect on the change in net position.

Note 2 – Stewardship, Compliance and Accountability

A. Budgetary Information

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

- The City Clerk prepares estimates of available revenue.
- Department directors submit proposed expenditure budgets to the City Clerk by August of each year.
- The City Clerk reviews expenditure budgets, and necessary revisions are communicated to department directors.
- Budgeted revenues and expenditures are balanced, and a summary budget is prepared and presented to the Mayor.
- 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.
- 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.
- 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

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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 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	\$ 13,278,851	\$ 13,448,276	\$ 169,425
Other General Funds	81,520	133,890	52,370
Special Revenue Funds	147,207	2,107,162	1,959,955
Debt Service Funds	1,576,659	2,081,744	505,085
Capital Projects Funds	-	5,729,676	5,729,676
Enterprise Funds	12,205,032	12,271,367	66,335
Internal Service Fund	1,318,015	1,418,015	100,000
	<u>\$ 28,607,284</u>	<u>\$ 37,190,130</u>	<u>\$ 8,582,846</u>

The City of Greenwood, Mississippi

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

	<u>Budget</u>	<u>Actual</u>	<u>Overage</u>
General Government			
Other Services & Charges	\$ 585,643	\$ 586,708	\$ (1,065)
City Clerk's Office			
Other Services & Charges	\$ 55,875	\$ 56,990	\$ (1,115)
Police Department			
Debt Service	\$ 79,086	\$ 79,232	\$ (146)
Park Division Maintenance			
Personal Services	\$ 349,610	\$ 356,261	\$ (6,651)
Other Services & Charges	\$ 48,072	\$ 54,346	\$ (6,274)
Amory Appropriations	\$ 5,200	\$ 8,401	\$ (3,201)
Community Center			
Other Services & Charges	\$ 10,000	\$ 10,032	\$ (32)
Historic Elks Building			
Other Services & Charges	\$ 39,020	\$ 79,944	\$ (40,924)
Fulton Street Streetscape Improvements			
Capital Outlay	\$ 195,858	\$ 210,999	\$ (15,141)
Intervention Court Grant			
Personal Services	\$ 44,628	\$ 45,148	\$ (520)
Other Services & Charges	\$ 36,645	\$ 37,798	\$ (1,153)
Sewage Enterprise			
Other Services & Charges	\$ 764,167	\$ 853,526	\$ (89,359)
Garbage Department			
Other Services & Charges	\$ 668,322	\$ 877,812	\$ (209,490)

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	<u>\$ (622,251)</u>
Internal Service Fund	<u>\$ (116,012)</u>

The deficits are 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. The self-funded group insurance fund is an internal service fund that charges the City's employees and other City funds for the cost of providing health and dental insurance coverage to employees. This fund started the year with a positive net position. However, because the cost of claims in current year was higher than expected, the fund ended with a negative net position. The premium rates charged to employees and other City funds are adjusted annually in order to maintain adequate funds for paying claims.

The City of Greenwood, Mississippi

Notes to Financial Statements

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Note 3 – Detailed Notes on All Funds

A. Deposits

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).

At year-end, the carrying amount of the City's deposits was \$6,984,371 and the bank balances totaled \$7,219,989. Of the bank balances, \$750,013 was insured by federal deposit insurance and \$6,469,976 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 \$21,521,184, and the bank balances totaled \$21,521,571. Of the bank balances, \$500,000 was insured by FDIC, and \$21,021,571 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 \$660,060 and \$109,643 respectively, and the bank balances totaled \$746,776 and \$121,366 (including certificates of deposits), respectively. Of the bank balances, \$266,309 and \$121,366 was insured by federal deposit insurance for the Tourism and Library, respectively, \$151,117 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, 2021.

B. 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.

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C. Receivables and Deferred Inflows of Resources

Receivables at September 30, 2021, 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:

<u>Governmental Funds</u>	Other		
	General Fund	Governmental	Total
Intergovernmental	\$ 916,152	\$ 462,648	\$ 1,378,800
Property taxes receivable	5,409,844	1,033,758	6,443,602
Other	54,466	-	54,466
Gross receivables	6,380,462	1,496,406	7,876,868
Less: allowance for uncollectibles	73,536	14,440	87,976
Total governmental funds	<u>\$ 6,306,926</u>	<u>\$ 1,481,966</u>	<u>\$ 7,788,892</u>
<u>Proprietary Funds</u>	Sewage	Greenwood	Total
	Enterprise Fund	Utilities	
Accounts receivable	\$ -	\$ 4,814,560	\$ 4,814,560
Intergovernmental	661,784	-	661,784
Other	1,142	3,993	5,135
Gross receivables	662,926	4,818,553	5,481,479
Less: allowance for uncollectibles	-	281,943	281,943
Total proprietary funds	<u>\$ 662,926</u>	<u>\$ 4,536,610</u>	<u>\$ 5,199,536</u>

D. 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)	\$ 6,443,602
Less: allowance for uncollectibles	(87,976)
Total property taxes receivable, net	<u>\$ 6,355,626</u>

The City of Greenwood, Mississippi

Notes to Financial Statements

September 30, 2021

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

	<i>Levy (in mills)</i>	<i>Purpose</i>	<i>Maximum</i>
General Fund	42.35	General	None
Debt Service Fund	3.32	Debt Retirement	None
Disability and Relief Fund	6.59	Retirement	None

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. Deferred inflows of resources related to receivables consisted of the following:

	<u>Unearned</u>
Current year tax assessments - governmental funds (exclusive of agency funds)	<u>\$ 5,999,470</u>
Current year funds from the American Recovery and Reinvestment Act - governmental funds (exclusive of agency funds)	<u>\$ 1,666,953</u>

E. 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 \$5,092,283 of sales tax revenue.

The City of Greenwood, Mississippi

Notes to Financial Statements

September 30, 2021

F. Changes in Capital Assets

Primary government capital asset activity for governmental activities for the year ended September 30, 2021, was as follows:

	Beginning Balance	Additions	Deletions/ Transfers	Ending Balance
<u>Governmental activities:</u>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 3,382,646	\$ -	\$ -	\$ 3,382,646
Construction-in-progress	984,207	210,999	-	1,195,206
Total capital assets not being depreciated	<u>4,366,853</u>	<u>210,999</u>	<u>-</u>	<u>4,577,852</u>
<i>Capital assets being depreciated:</i>				
Infrastructure	26,651,242	-	-	26,651,242
Buildings & improvements	36,954,747	32,066	-	36,986,813
Equipment & furniture	1,574,618	38,377	-	1,612,995
Mobile equipment	5,557,026	288,020	(114,639)	5,730,407
Total capital assets being depreciated	<u>70,737,633</u>	<u>358,463</u>	<u>(114,639)</u>	<u>70,981,457</u>
<i>Less accumulated depreciation for:</i>				
Infrastructure	(12,325,352)	(562,150)	-	(12,887,502)
Buildings & improvements	(6,084,254)	(1,212,452)	-	(7,296,706)
Equipment & furniture	(1,026,550)	(116,854)	-	(1,143,404)
Mobile equipment	(3,888,335)	(211,829)	103,833	(3,996,331)
Total accumulated depreciation	<u>(23,324,491)</u>	<u>(2,103,285)</u>	<u>103,833</u>	<u>(25,323,943)</u>
Total capital assets being depreciated, net	<u>47,413,142</u>	<u>(1,744,822)</u>	<u>(10,806)</u>	<u>45,657,514</u>
Total governmental activities capital assets, net	<u>\$51,779,995</u>	<u>\$ (1,533,823)</u>	<u>\$ (10,806)</u>	<u>\$ 50,235,366</u>

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

<u>Governmental activities:</u>	
General government	\$ 4,341
Public safety	411,494
Public works	641,921
Culture and recreation	165,420
Economic development and assistance	880,109
Total depreciation expense - governmental activities	<u>\$ 2,103,285</u>

The City of Greenwood, Mississippi

Notes to Financial Statements

September 30, 2021

Primary government capital asset activity for business-type activities for the year ended September 30, 2021, 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	796,679	885,418	(796,679)	885,418
Total capital assets not being depreciated	1,397,699	885,418	(796,679)	1,486,438
<i>Capital assets being depreciated:</i>				
Infrastructure	67,621,769	-	-	67,621,769
Equipment & furniture	648,640	-	-	648,640
Mobile equipment	3,230,411	-	-	3,230,411
Electric and water production plant	5,417,488	16,507	-	5,433,995
Electric and water distribution plant	55,030,013	835,450	-	55,865,463
Electric and water general plant	7,304,700	618,791	(520,080)	7,403,411
Total capital assets being depreciated	139,253,021	1,470,748	(520,080)	140,203,689
<i>Less accumulated depreciation for:</i>				
Infrastructure	(16,464,054)	(2,214,020)	-	(18,678,074)
Equipment & furniture	(505,524)	(45,826)	-	(551,350)
Mobile equipment	(2,447,672)	(98,346)	-	(2,546,018)
Electric and water production plant	(997,660)	(172,287)	-	(1,169,947)
Electric and water distribution plant	(25,863,990)	(1,605,228)	-	(27,469,218)
Electric and water general plant	(5,790,015)	(347,417)	486,136	(5,651,296)
Total accumulated depreciation	(52,068,915)	(4,483,124)	486,136	(56,065,903)
Total capital assets being depreciated, net	87,184,106	(3,012,376)	(33,944)	84,137,786
Total business-type activities capital assets, net	\$ 88,581,805	\$ (2,126,958)	\$ (830,623)	\$ 85,624,224

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

<u>Business-type activities:</u>	
Sewage enterprise	\$ 2,272,263
Greenwood Utilities	2,124,932
Non-major business-type activities	85,929
Total depreciation expense - business-type activities	<u>\$ 4,483,124</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 \$231,428 for the year ended September 30, 2021.

The City of Greenwood, Mississippi

Notes to Financial Statements

September 30, 2021

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	\$ 1,195,206
Total construction in progress - governmental activities	<u>\$ 1,195,206</u>
 <u>Business-type activities:</u>	
Greenwood Utilities - various open work orders	\$ 885,418
Total construction in progress - business-type activities	<u>\$ 885,418</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	\$ 21,780	\$ (17,090)	\$ 213,025
Books & materials	1,011,106	46,853	-	1,057,959
Mobile equipment	22,122	-	-	22,122
Equipment & furniture	324,055	8,700	-	332,755
Total capital assets being depreciated	<u>1,565,618</u>	<u>77,333</u>	<u>(17,090)</u>	<u>1,625,861</u>
 <i>Less accumulated depreciation for:</i>				
Buildings & improvements	(176,084)	(8,099)	17,090	(167,093)
Books & materials	(895,797)	(38,981)	-	(934,778)
Mobile equipment	(19,544)	(2,578)	-	(22,122)
Equipment & furniture	(303,733)	(8,476)	-	(312,209)
Total accumulated depreciation	<u>(1,395,158)</u>	<u>(58,134)</u>	<u>17,090</u>	<u>(1,436,202)</u>
Total capital assets being depreciated, net	<u>\$ 170,460</u>	<u>\$ 19,199</u>	<u>\$ -</u>	<u>\$ 189,659</u>

Depreciation expense was charged to activities as follows:

Library	\$ 54,003
Tourism Commission	4,131
Total	<u>\$ 58,134</u>

The City of Greenwood, Mississippi

Notes to Financial Statements

September 30, 2021

G. Interfund Receivables, Payables and Transfers

1. Interfund Receivables and Payables

Individual fund interfund receivable and payable balances as of September 30, 2021, follows:

	Interfund Receivables	Interfund Payables
General Fund	\$ 396,151	\$ 33,745
Nonmajor governmental funds:		
Industrial Properties Fund		-
Traffic Safety Project	-	399
Blight Elimination Program Phase I	-	10,279
Blight Elimination Program Phase II	-	33,844
2016 Home Project	-	47,394
CLG-ArtPlace Project	-	4,000
Fulton Streetscape Project	-	139,573
General Obligation Bond and Interest Fund	-	120,000
Total Governmental Funds	396,151	389,234
Sewage Enterprise	687,117	-
Greenwood Utilities	94,958	1,217,111
Nonmajor proprietary funds:		
Solid Waste Enterprise	428,119	-
Total Proprietary Funds	1,210,194	1,217,111
Total Interfund Receivables/Payables	\$ 1,606,345	\$ 1,606,345

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, 2021

2. Interfund Transfers

Transfers in/transfers out for the primary government follows:

	Transfers In	Transfers Out
General Fund	\$ 1,145,265	\$ (132,654)
Nonmajor governmental funds		
Cemetery Project	8,733	-
Special Projects Fund	25,000	-
Industrial Properties Fund	57,516	-
Urban Youth Corp Project	12,971	-
Blight Elimination Program Phase I	-	(10,279)
CLG-ArtPlace Project	4,000	-
Fulton Streetscape Project	42,200	-
Drug Court Grant	25,000	-
Veterans Treatment Court Grant	14,860	-
2016 Home Project	-	(8,905)
General Obligation Bond and Interest Fund	200,000	-
2019 Tax Exempt Public Improvement GO Bond	-	(42,200)
Total Governmental Funds	<u>1,535,545</u>	<u>(194,038)</u>
Sewage Enterprise	618,266	-
Greenwood Utilities	-	(1,959,773)
Total Proprietary Funds	<u>618,266</u>	<u>(1,959,773)</u>
Total Transfers in/Transfers out	<u>\$ 2,153,811</u>	<u>\$ (2,153,811)</u>

Interfund transfers at September 30, 2021 consisted of the following:

\$ 8,733	From General Fund to Cemetery Fund to subsidize operations.
25,000	From General Fund to Special Projects Fund to subsidize operations
42,090	From General Fund to Industrial Properties Fund to subsidize operations
12,971	From General Fund to Urban Youth Corp Project to subsidize operations
10,279	From Blight Elimination Program Phase I to General Fund to repay interfund loan
4,000	From General Fund to CLG-ArtPlace Project Fund for match funds
42,200	From 2019 General Obligation Public Improvement Bond Fund to Fulton Streetscape Project Fund to subsidize operations
25,000	From General Fund to Drug Court Grant Fund to subsidize operations
14,860	From General Fund to Veterans Treatment Court Grant to subsidize operations
8,905	From 2016 Home Project to General Fund for interfund loan repayment
200,000	From Greenwood Utilities to General Obligation Bond and Interest Fund to subsidize operations
725,000	From Greenwood Utilities to the General Fund to subsidize operations
951,773	From Greenwood Utilities to the General (\$401,081), Industrial Properties (\$15,426), and Sewer Revenue Bonds Fund (\$535,266) for in-kind and free electric & water services.
83,000	From Greenwood Utilities to the Sewer Revenue Bond fund for appropriations
<u>\$ 2,153,811</u>	

The City of Greenwood, Mississippi

Notes to Financial Statements

September 30, 2021

H. Long-term Liabilities

1. Capital Leases

The City has entered into agreements as lessee for financing the acquisition of certain equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. Most leases contain a clause that states the lease shall terminate in the event no funds or insufficient funds are appropriated. However, if renewal is reasonably assured, leases are considered noncancelable leases for financial reporting purposes.

The City has financed 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%

	\$	511,593
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\$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%

		73,645
		<hr/>
		585,238

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%

		73,521
		<hr/>
	\$	658,759
		<hr/>

The City of Greenwood, Mississippi

Notes to Financial Statements

September 30, 2021

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, 2021:

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

Fiscal Year	Capital Lease		(Memo Only)
	Net Minimum Lease Payments	Interest	Minimum Payments
2022	\$ 73,645	\$ 1,965	\$ 75,610
Totals	\$ 73,645	\$ 1,965	\$ 75,610

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

Fiscal Year	Capital Lease		(Memo Only)
	Net Minimum Lease Payments	Interest	Minimum Payments
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	64,791	8,643	73,434
2027-2031	207,000	13,303	220,303
Totals	\$ 511,593	\$ 75,880	\$ 587,473

2020 Mack Terrapro Cabover with a New Way 40 Yard Frontloader

Fiscal Year	Capital Lease		(Memo Only)
	Net Minimum Lease Payments	Interest	Minimum Payments
2022	\$ 73,521	\$ 728	\$ 74,249
Totals	\$ 73,521	\$ 728	\$ 74,249

2. General Obligation Bonds Payable

The City issues general obligation bonds, revenue bonds or tax increment limited obligation bonds to provide funds for the acquisition and construction of major capital improvements. General obligation bonds are direct obligations and pledge the full faith and credit of the City. Revenue Bonds pledge income derived from the acquired or constructed assets to pay debt service. In the case of tax increment limited obligation bonds, the City and County pledge property taxes on certain property improvements to pay debt service. General obligation bonds have been issued for both governmental and business-type activities. If general obligation bonds are expected to be repaid from revenues of business-type activities, the bonds are reported in the business-type activities. There are a number of limitations and restrictions contained in the various bond indentures. Certain restrictions relating to insurance and reporting, which are considered cost prohibitive or impractical, were not met; however, all significant limitations and restrictions have been met. In order for a governmental entity's bonds to be tax-exempt, the interest earnings on bond proceeds in excess of the interest paid on the bonds must be remitted to the federal government as arbitrage rebate. However, the City owes no arbitrage rebate on its bonds.

The City of Greenwood, Mississippi

Notes to Financial Statements

September 30, 2021

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, 2021.

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-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, 2019, 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 City of Greenwood, Mississippi

Notes to Financial Statements

September 30, 2021

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%	\$	185,000
\$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%		1,002,000
\$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%		2,330,000
\$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%		5,959,000
\$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%		360,000
	\$	<u>9,836,000</u>

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;	\$	4,469,364
\$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		<u>98,439</u>
		4,567,803

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		<u>432,637</u>
	\$	<u>5,000,440</u>

The City of Greenwood, Mississippi

Notes to Financial Statements

September 30, 2021

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%	\$	2,892,271
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\$33,121,407 (revised) Sewer Rehab Revolving loan due in monthly installments of \$134,363 beginning March 1, 2021, through October 1, 2046; Interest at 1.8%	32,525,966
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\$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	2,268,440
	<u>\$ 37,686,677</u>

5. 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	\$	1,092,593
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6. 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.

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.

\$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%	\$	121,000
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\$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%	\$	561,300
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The City of Greenwood, Mississippi

Notes to Financial Statements

September 30, 2021

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.

7. Long-term Debt Transactions

A summary of long-term debt transactions for the year ended September 30, 2021, was as follows:

	Beginning			Ending	Due Within
<u>Governmental activities:</u>	Balance	Additions	Reductions	Balance	One Year
General Obligation Bonds	\$ 10,914,000	\$ -	\$ 1,078,000	\$ 9,836,000	\$ 1,098,000
Urban Renewal Revenue Bond	1,314,815	-	222,222	1,092,593	222,222
Notes Payable	4,833,398	-	265,595	4,567,803	235,425
Capital Leases	712,301	-	127,063	585,238	130,811
Compensated Absences	270,611	312,197	270,611	312,197	312,197
Total	<u>\$ 18,045,125</u>	<u>\$ 312,197</u>	<u>\$ 1,963,491</u>	<u>\$ 16,393,831</u>	<u>\$ 1,998,655</u>
 <u>Business-type activities:</u>					
State Revolving Loans	\$ 39,596,503	\$ -	\$ 1,909,827	\$ 37,686,676	\$ 1,597,917
Sewer Revenue Refunding Bonds	185,000	-	185,000	-	-
Notes Payable	457,884	-	25,246	432,638	25,756
Capital Leases	145,216	-	71,695	73,521	73,521
Compensated Absences	397,694	105,869	43,388	460,175	165,136
Total	<u>\$ 40,782,297</u>	<u>\$ 105,869</u>	<u>\$ 2,235,156</u>	<u>\$ 38,653,010</u>	<u>\$ 1,862,330</u>

8. Legal Debt Margin and Debt Covenants

The City's legal debt margin for the issuance of general obligation bonds was \$10,788,373 at September 30, 2021. There are a number of requirements contained in the various debt obligations. The City is in compliance with all significant requirements.

The City of Greenwood, Mississippi

Notes to Financial Statements

September 30, 2021

9. Annual Maturities Requirements

The annual requirements to amortize all long-term debt outstanding as of September 30, 2021, including interest, by source of retirement are as follows:

Debt Service Fund (Special Tax Levy)

Fiscal Year	General Obligation Bonds		(Memo Only)
	Principal	Interest	Total
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	550,000	155,135	705,135
2027-2031	2,985,000	565,733	3,550,733
2032-2036	2,707,000	165,533	2,872,533
Totals	<u>\$ 9,476,000</u>	<u>\$ 1,690,330</u>	<u>\$ 11,166,330</u>

Milwaukee Tool Expansion Phase I (Milwaukee Tool Rent)

Fiscal Year	Taxable Urban Renewal Revenue Bonds		(Memo Only)
	Principal	Interest	Total
2022	\$ 222,222	\$ -	\$ 222,222
2023	222,222	-	222,222
2024	222,222	-	222,222
2025	222,222	-	222,222
2026	203,705	-	203,705
Totals	<u>\$ 1,092,593</u>	<u>\$ -</u>	<u>\$ 1,092,593</u>

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

Fiscal Year	Note Payable		(Memo Only)
	Principal	Interest	Total
2022	\$ 186,795	\$ 131,527	\$ 318,322
2023	192,448	125,875	318,323
2024	198,332	119,991	318,323
2025	204,365	113,958	318,323
2026	210,581	107,742	318,323
2027-2031	1,152,964	438,651	1,591,615
2032-2036	1,339,303	252,312	1,591,615
2037-2040	984,576	50,006	1,034,582
Totals	<u>\$ 4,469,364</u>	<u>\$ 1,340,062</u>	<u>\$ 5,809,426</u>

The City of Greenwood, Mississippi

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September 30, 2021

The annual requirements to amortize all long-term debt outstanding as of September 30, 2021, including interest, by source of retirement are as follows (Continued):

General & Fire Protection Fund (Special Tax Levy & State Fire Protection Revenues)			
Fiscal Year	Notes Payable		(Memo Only)
	Principal	Interest	Total
2022	\$ 48,630	\$ 2,212	\$ 50,842
2023	49,809	1,033	50,842
Totals	<u>\$ 98,439</u>	<u>\$ 3,245</u>	<u>\$ 101,684</u>

Industrial Rent #260 (Milwaukee Tool Rents)			
Fiscal Year	G.O. Refunding MBIA Bond		(Memo Only)
	Principal	Interest	Total
2022	\$ 180,000	\$ 4,615	\$ 184,615
2023	180,000	2,205	182,205
Totals	<u>\$ 360,000</u>	<u>\$ 6,820</u>	<u>\$ 366,820</u>

Sewage Enterprise Fund - Capital Improvement Loan (Water/Sewer Revenues)			
Fiscal Year	Note Payable		(Memo Only)
	Principal	Interest	Total
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	27,899	6,313	34,212
2027-2031	148,171	22,889	171,060
2032-2036	150,383	20,677	171,060
Totals	<u>\$ 432,637</u>	<u>\$ 80,543</u>	<u>\$ 513,180</u>

Sewage Enterprise Fund (Water/Sewer Revenues)			
Fiscal Year	State Revolving Loan IV		(Memo Only)
	Principal	Interest	Total
2022	\$ 432,694	\$ 53,893	\$ 486,587
2023	441,428	45,160	486,588
2024	450,338	36,250	486,588
2025	459,427	27,160	486,587
2026	468,701	17,887	486,588
2027-2031	639,683	9,099	648,782
Totals	<u>\$ 2,892,271</u>	<u>\$ 189,449</u>	<u>\$ 3,081,720</u>

The City of Greenwood, Mississippi

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The annual requirements to amortize all long-term debt outstanding as of September 30, 2021, including interest, by source of retirement are as follows (Continued):

Sewage Enterprise Fund (Water/Sewer Revenues)

Fiscal Year	State Revolving Loan V		(Memo Only)
	Principal	Interest	Total
2022	\$ 1,035,407	\$ 576,949	\$ 1,612,356
2023	1,054,198	558,158	1,612,356
2024	1,073,331	539,025	1,612,356
2025	1,092,812	519,544	1,612,356
2026	1,112,645	499,711	1,612,356
2027-2031	5,873,563	2,188,217	8,061,780
2032-2036	6,426,267	1,635,513	8,061,780
2036-2041	7,030,982	1,030,798	8,061,780
2042-2046	7,692,601	369,179	8,061,780
2047	134,160	203	134,363
Totals	\$ 32,525,966	\$ 7,547,915	\$ 32,247,120

Drinking Water Systems Improvement Revolving Loan (Greenwood Utilities)

Fiscal Year	State Revolving Loan		(Memo Only)
	Principal	Interest	Total
2022	\$ 129,816	\$ 43,078	\$ 172,894
2023	132,370	40,524	172,894
2024	134,974	37,920	172,894
2025	137,630	35,264	172,894
2026	140,338	32,556	172,894
2027-2031	744,208	120,261	864,469
2032-2036	820,358	44,111	864,469
2037	28,746	69	28,815
Totals	\$ 2,268,440	\$ 353,783	\$ 2,622,223

The City of Greenwood, Mississippi

Notes to Financial Statements

September 30, 2021

F. 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	\$ 73,111
Public works	215,083
Health and welfare	571
Economic development & assistance	678,892
Debt service	671,005
Total restricted fund balance	1,638,662
<u>Assigned to:</u>	
Public safety	40,231
Culture & recreation	1,794
Special projects	4
Economic development & assistance	88,250
Total assigned fund balance	130,279
Total fund balances	\$ 1,768,941

Unrestricted net position for Greenwood Utilities was comprised of unrestricted net position and board designated net position balances of \$3,077,101 and \$8,084,048, 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 contribute to PERS, a cost-sharing multiple-employer defined benefit 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

The City of Greenwood, Mississippi

Notes to Financial Statements

September 30, 2021

financial report that includes financial statements and required supplementary information. That information may be obtained by writing the Public Employees' Retirement System of Mississippi, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 601.359.3589 or 1.800.444.PERS or online at <http://www.pers.ms.gov>.

Benefits Provided

For the cost-sharing plan, 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 2.00% 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 2.50% 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 3.00% 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 3.00% 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.

The City of Greenwood, Mississippi

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Employees are required to contribute 9.00% of their annual pay. The employer's statutorily required contribution rate increased from 15.75% of annual payroll effective July 1, 2020 to 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 2021, the City's and Greenwood Utilities' contribution to the pension plan was \$1,229,344 and \$653,699, respectively.

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

City of Greenwood

At September 30, 2021, the City reported a liability of \$15,102,448, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021 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, 2021, relative to the total employer contributions of participating employers to PERS. At June 30, 2021, the City's proportion was 0.106691%, which was a decrease of 0.001599% from its proportion of 0.105092%, as of June 30, 2020.

For the year ended September 30, 2021, the City recognized pension expense of \$644,3532. At September 30, 2021, 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	\$ 241,488	\$ -
Changes of assumptions or other inputs	1,162,126	-
Net difference between projected and actual earnings on pension plan investments	-	4,548,213
Changes in proportion	198,196	210,671
Employer contributions subsequent to the measurement date	275,750	-
	<u>\$ 1,877,560</u>	<u>\$ 4,758,884</u>

At September 30, 2021, the City reported \$275,750 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 the next fiscal year.

The City of Greenwood, Mississippi

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Other amounts reported as deferred outflows of resources and deferred inflows of resources at September 30, 2021, related to pensions will be recognized in pension expense as follows:

<u>Year Ending</u> <u>September 30,</u>	
2022	\$ (637,426)
2023	(513,844)
2024	(650,460)
2025	<u>(1,355,344)</u>
	<u><u>\$(3,157,074)</u></u>

Greenwood Utilities

At September 30, 2021, Greenwood Utilities reported a liability of \$8,402,236 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. Greenwood Utilities' proportion of the net pension liability was based on employer contributions to PERS for the plan's fiscal year ended June 30, 2021 relative to the total employer contributions of participating employers to PERS. At June 30, 2021, Greenwood Utilities' proportional share of employer contributions was 0.056847%, which was a decrease of 0.001599% from its proportion of 0.061470%, as of June 30, 2020.

For the year ended September 30, 2021, Greenwood Utilities recognized pension expense of 60,278. At September 30, 2021, Greenwood Utilities reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources, respectively:

	<u>Deferred Outflows</u> <u>of Resources</u>	<u>Deferred Inflows</u> <u>of Resources</u>
Differences between expected and actual experience	\$ 134,352	\$ -
Changes of assumptions or other inputs	646,548	-
Net difference between projected and actual earnings on pension plan investments	-	2,530,395
Changes in proportion	37,901	707,153
Employer contributions subsequent to the measurement date	173,613	-
	<u>\$ 992,414</u>	<u>\$ 3,237,548</u>

The City of Greenwood, Mississippi

Notes to Financial Statements

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At September 30, 2021, Greenwood Utilities reported \$173,613 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 the next fiscal year.

Other amounts reported as deferred outflows of resources and deferred inflows of resources at September 30, 2021, related to pensions will be recognized in pension expense as follows:

<u>Year Ending</u> <u>September 30,</u>	
2022	\$ (528,565)
2023	(547,174)
2024	(588,965)
2025	(754,043)
	<u><u>\$(2,418,747)</u></u>

3. Actuarial Assumptions

The total pension liability as of June 30, 2021 was determined by an actuarial valuation prepared as of June 30, 2021 using the following actuarial assumptions and other inputs:

Inflation	2.40%
Salary increases	2.65-17.90%, including inflation
Investment rate of return	7.55%, net of pension plan investment expense, including inflation

Mortality rates for service retirees were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 95% of male rates up to age 60, 110% for ages 61 to 75 and 101% for ages above 77. For females, 84% of female rates up to age 72 and 100% for ages above 76.

Mortality rates for disability retirees were based on the PubG.H-2010 Disabled Table adjusted 134% for males and 121% for females. Mortality rates for Contingent Annuitants were based on the PubS.H-2010(B) Contingent Annuitant Table, adjusted 97% for males and 110% for females. Mortality rates will be projected generationally using the MP-2020 projection scale to account for future improvements in life expectancy.

The actuarial assumptions used for the purposes of determining the TPL were based on the results of an actuarial experience study for the period July 1, 2016 to June 30, 2020. The experience report is dated April 20, 2021.

For the year ended June 30, 2021, 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 City of Greenwood, Mississippi

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The most recent target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2021, 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%	4.60%
International equity	22.00%	4.50%
Global equity	12.00%	4.80%
Fixed income	20.00%	-0.25%
Real estate	10.00%	3.75%
Private equity	8.00%	6.00%
Cash equivalents	1.00%	-1.00%
	<u>100.00%</u>	

4. Discount Rate

The discount rate used to measure the total pension liability was 7.55% at June 30, 2021, respectively. 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:

	<u>1% Decrease (6.55%)</u>	<u>Current Discount Rate (7.55%)</u>	<u>1% Increase (8.55%)</u>
Proportionate share of the net pension liability	<u>\$ 10,663,805</u>	<u>\$ 15,102,448</u>	<u>\$ 22,987,344</u>

Greenwood Utilities:

	<u>1% Decrease (6.55%)</u>	<u>Current Discount Rate (7.55%)</u>	<u>1% Increase (8.55%)</u>
Proportionate share of the net pension liability	<u>\$ 5,932,800</u>	<u>\$ 8,402,236</u>	<u>\$ 12,788,992</u>

The City of Greenwood, Mississippi

Notes to Financial Statements

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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, 2021, the City and Greenwood Utilities have no amounts payable for outstanding contributions to the pension plan required for the year ended June 30, 2021.

B. Disability and Relief - Municipal Retirement Systems Pension Plan

1. Plan Description

The City of Greenwood contributes to the Municipal Retirement Systems and Fire and Police Disability and Relief Fund (MRS), an agent multiple-employer defined benefit pension plan administered by the Public Employees' Retirement System of Mississippi (PERS). The City's uniformed police officers and firefighters employed prior to

April 1, 1976, participate in MRS. Firefighters and police officers employed subsequent to April 1, 1976, are members of the Public Employees' Retirement System of the State as previously described. MRS provides retirement and disability benefits and death benefits to plan members and beneficiaries. Benefit provisions are established by Sections 21-29, Articles 1, 3, 5, and 7, Mississippi Code Ann. (1972) and annual local and private legislation. Only the Legislature of the State of Mississippi can amend the plan. At June 30, 2021, 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.

The City of Greenwood, Mississippi

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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, 2021, 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, 2021
Total Pension Liability	\$ 5,855,399
Fiduciary Net Position	2,950,656
Net Pension Liability	<u>\$ 2,904,743</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.

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, 2020	<u>\$ 6,442,969</u>	<u>\$ 2,542,339</u>	<u>\$ 3,900,630</u>
Interest	471,452	-	471,452
Difference between expected and actual experience	(266,716)	-	(266,716)
Change in assumptions	(72,871)		(72,871)
Contributions - employer	-	399,159	(399,159)
Contributions - employee	-	-	-
Net investment income	-	736,576	(736,576)
Benefit payments, including refunds	(719,435)	(719,435)	-
Administrative expense	-	(7,983)	7,983
Net Change	<u>(587,570)</u>	<u>408,317</u>	<u>(995,887)</u>
Balances at June 30, 2021	<u>\$ 5,855,399</u>	<u>\$ 2,950,656</u>	<u>\$ 2,904,743</u>

The City of Greenwood, Mississippi

Notes to Financial Statements

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5. Pension Expense

At the measurement date, the City recognized total pension expense of \$(162,033). Pension expense recognized by the plan is as follows:

	<u>Pension Expense</u>
Interest on the total pension liability	\$ 471,452
Expensed portion of current-period difference between expected and actual experience in the total pension	(266,716)
Expensed portion of current-period changes of assumptions	(72,871)
Member contributions	-
Projected earnings on plan investments	(184,311)
Expensed portion of current-period differences between actual and projected earnings on plan investments	(110,453)
Administrative expense	7,983
Recognition of beginning deferred inflows of resources as pension expense	(7,117)
Total pension expense (income)	<u>\$ (162,033)</u>

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, 2021, for the Disability and Relief municipal plan are as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on plan investments	\$ -	\$ 359,341
	<u>\$ -</u>	<u>\$ 359,341</u>

The City of Greenwood, Mississippi

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Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension at September 30, 2021, will be recognized in pension expense as follows:

Year ending September 30	Amount
2022	\$ (82,599)
2023	(81,161)
2024	(85,128)
2025	(110,453)
	<u>\$ (359,341)</u>

7. Discount Rate

The discount rate used to measure the total pension liability was 7.55 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 (6.55%)	Current Discount Rate (7.55%)	1% Increase (8.55%)
Plan's Net Pension Liability	<u>\$ 3,292,082</u>	<u>\$ 2,904,743</u>	<u>\$ 2,560,217</u>

9. Schedule of Assumptions

The total pension liability in the June 30, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary changes	3.00-4.50%, including inflation
Investment rate of return	6.25%, net of pension plan investment expense, including inflation
Valuation Date	June 30, 2019
Actuarial Cost Method	Ultimate Asset Reserve
Amortization Method	N/A
Remaining Amortization Period	N/A
Asset Valuation Method	Market value of assets

The City of Greenwood, Mississippi

Notes to Financial Statements

September 30, 2021

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, 2021, the required amounts were funded. Claims totaled \$6,199 during fiscal year 2021 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 \$1,395,472 and employee benefit costs and administrative expenses were \$1,661,296 during fiscal year 2021. Claims incurred but not reported at September 30, 2021, in the Employees' Group Benefit Fund are provided for in claims payable and totaled \$241,958. Effective October 1, 2019, Greenwood Utilities transitioned its employee medical insurance coverage to a third-party commercial insurer.

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, 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
Current year contributions	-	1,376,563
Interest earnings	529	1,636
Miscellaneous	-	17,273
Claims payments and administration	(6,199)	(1,661,296)
Ending balance, September 30, 2021	<u>\$ 54,269</u>	<u>\$ (116,012)</u>

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Notes to Financial Statements

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4. Workers' Compensation Benefits

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

5. Tort Liability

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

In order to assure compliance with the Tort Claims Act, the Mississippi Tort Claims Board was established by House Bill 417. Municipalities are required to submit plans of insurance, self-insurance and/or reserves to the Tort Claims Board for approval. Municipalities may comply with the requirements of the Tort Claims Act by one of the following methods: (1) Purchase of liability insurance, (2) Pooling of two or more municipalities or other political subdivisions to purchase liability insurance or to self-insure, (3) Self-insure with the establishment of a self-insurance reserve fund.

The City of Greenwood, Greenwood Utilities, the Greenwood Tourism Commission and the Greenwood-Leflore Public Library are in compliance by purchasing liability insurance through the Mississippi Municipal Liability Plan (MMLP), a public entity risk pool. The group is a risk-sharing pool; such a pool is frequently referred to as a self-insurance pool. MMLP covers risks of loss against members in the group arising from claims related to torts and other liability claims. The Mississippi Municipal Liability Plan requires that an indemnity agreement be executed by each member in the pool for the purpose of jointly and severally binding the pool and each of the members comprising the group to meet the liability obligations of each member. The general policy limit is \$500,000 per occurrence, but the policy also tracks the Mississippi tort claims law for municipalities that limits the City's liability to \$500,000 per occurrence. The policy also covers up to \$1,000,000 in federal claims. If total claims during a year were to deplete the trust account, then the pool members would be required to pay for the 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.

The City of Greenwood, Mississippi

Notes to Financial Statements

September 30, 2021

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 2020 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, 2020, Greenwood Utilities will no longer have generating capacity and will no longer receive capacity payments from MEAM.

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.

The City of Greenwood, Mississippi

Notes to Financial Statements

September 30, 2021

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, 2021, was \$2,892,271. 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, 2021, was \$32,525,966. 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, Federal Emergency Management Agency, 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, 2021, 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, 2021.

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%.

The City of Greenwood, Mississippi

Notes to Financial Statements

September 30, 2021

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, 2021.

E. Uncertainties

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may

The City of Greenwood, Mississippi

Notes to Financial Statements

September 30, 2021

have a significant negative impact on the operating activities and results of the City. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.

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	\$ 27,931
Total liabilities	\$ 27,931
Total net position	\$ -
Total program and general revenues	\$ 186,972
Total expenses	\$ 186,972
Increase (decrease) in net position	\$ -
Accrued compensated absences	\$ 9,052

G. Comprehensive Income

Net comprehensive income is equal to net income.

The City of Greenwood, Mississippi

Notes to Financial Statements
September 30, 2021

Note 6 - Effects of Deferred Amounts on Net Position

The unrestricted net position amount of \$(9,644,751) 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 \$449,363 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 \$2,420,611 balance of deferred outflow of resources, at September 30, 2021 will be recognized as an expense and will decrease the unrestricted net position over the next 3 years.

The unrestricted net position amount of \$(9,644,751) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$7,996,432 balance of deferred inflow of resources at September 30, 2021 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 \$81,458,180 includes the effect of deferring the recognition of revenue resulting from a deferred inflow from advance refunding of the City's debt. The \$3,885 balance of deferred inflow of resources at September 30, 2021 will be recognized as revenue and will increase the net investment in capital assets net position.

Note 7 – Prior Period Adjustment

Prior year financial statements and related disclosures for Greenwood Utilities were audited by other auditors and certain adjustments were made to correct prior year balances. Prior year audited financial information for the City and Greenwood Utilities will not be restated and these adjustments are reflected in the financial statement line items of the Government-wide and Proprietary Fund financial statements. These adjustments included interfund balances that are reflected in the Proprietary Fund financial statement line items listed below but eliminated for Government-wide presentation purposes.

	Business-type
Government-wide Financial Statements:	Activities
Total Net Position - Beginning	\$ 55,397,830
Prior period adjustment	
Deferred outflows of resources	87,772
Accrued compensated absences (long-term liability)	(49,029)
Deferred inflows of resources	185,380
Total prior period adjustment	224,123
Total Net Position - Beginning, as restated	<u><u>\$ 55,621,953</u></u>

The City of Greenwood, Mississippi

Notes to Financial Statements

September 30, 2021

	Sewage Enterprise	Greenwood Utilities	Other Enterprise Funds
Proprietary Fund Financial Statements:			
Total Net Position - Beginning	\$ 13,736,542	\$ 42,514,850	\$ (872,452)
Prior period adjustment			
Due from other funds (current asset)	(525,508)	-	313,343
Deferred outflows of resources	-	87,772	-
Due to other funds (current liability)	-	212,165	-
Accrued compensated absences (long-term liability)	-	(49,029)	-
Deferred inflows of resources	-	185,380	-
Total prior period adjustment	(525,508)	436,288	313,343
Total Net Position - Beginning, as restated	<u>\$ 13,211,034</u>	<u>\$ 42,951,138</u>	<u>\$ (559,109)</u>

- Greenwood Utilities proportionate share amounts for pension related balances were adjusted to report these balances in accordance with GASB 68. A prior period adjustment was made to correctly report these balances.
- Amounts due from Greenwood Utilities to the City's sewer and solid waste enterprise funds were not properly adjusted for by Greenwood Utilities in prior years.
- Accrued compensated absences balances were not recorded in accordance with the Greenwood Utilities accounting policy as disclosed in Note 1. An adjustment was made to report these balances in conformity with accounting principles generally accepted in the United States of America and the Government Accounting Standards Board.

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 June 20, 2022, (the date the financial statements were available to be issued) and determined there were no events that occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Required Supplementary Information

City of Greenwood, Mississippi

Budgetary Comparison Schedule - General Fund

For the year ended September 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>Budgetary</u> <u>Basis</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 4,952,298	\$ 4,878,298	\$ 4,402,459	\$ (475,839)
Fees and fines	150,000	150,000	170,831	20,831
Licenses and permits	395,260	469,260	357,121	(112,139)
Intergovernmental	5,626,992	5,626,992	5,754,790	127,798
Charges for services	19,150	19,150	5,570	(13,580)
Investment earnings	40,000	40,000	14,533	(25,467)
Miscellaneous	72,230	72,230	29,276	(42,954)
Total revenues	<u>11,255,930</u>	<u>11,255,930</u>	<u>10,734,580</u>	<u>(521,350)</u>
Expenditures				
<u>General government</u>				
Supervision and finance				
Personal services	587,597	587,597	584,269	3,328
Supplies	10,000	10,000	6,742	3,258
Other services and charges	566,000	585,643	586,707	(1,064)
City clerk's office				
Personal services	260,353	260,353	210,470	49,883
Supplies	13,000	13,000	9,712	3,288
Other services and charges	55,875	55,875	56,990	(1,115)
Capital outlay	5,000	5,000	4,646	354
City hall building maintenance				
Supplies	11,000	11,000	7,936	3,064
Other services and charges	343,000	411,975	273,713	138,262
Capital outlay	6,000	6,000	192	5,808
Personnel office				
Personal services	127,848	127,848	127,353	495
Supplies	2,600	2,600	2,274	326
Other services and charges	9,678	9,678	2,392	7,286
<u>Public safety</u>				
Police department				
Personal services	3,571,797	3,451,797	3,210,637	241,160
Supplies	237,400	267,400	215,359	52,041
Other services and charges	419,000	399,000	352,652	46,348
Capital outlay	285,500	429,364	386,206	43,158
Debt service	79,086	79,086	79,232	(146)

City of Greenwood, Mississippi

Budgetary Comparison Schedule - General Fund

For the year ended September 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>Budgetary</u> <u>Basis</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	110,591	2,640
Supplies	4,441	4,441	1,703	2,738
Other services and charges	16,825	16,825	9,870	6,955
Capital outlay	5,000	5,000	249	4,751
Fire department				
Personal services	3,170,485	3,147,485	2,826,780	320,705
Supplies	112,600	115,600	92,242	23,358
Other services and charges	126,000	146,000	122,212	23,788
Capital outlay	5,000	5,000	2,996	2,004
Debt service	110,000	110,000	84,701	25,299
Inspection division				
Personal services	214,025	214,852	207,350	7,502
Supplies	7,850	7,850	5,430	2,420
Other services and charges	8,620	7,793	6,389	1,404
Capital outlay	4,392	4,392	1,891	2,501
<u>Public works</u>				
Engineering division				
Personal services	116,454	116,454	110,788	5,666
Supplies	36,950	33,450	30,056	3,394
Other services and charges	12,514	16,776	12,652	4,124
Capital outlay	500	-	-	-
Street division				
Personal services	503,473	503,473	402,266	101,207
Supplies	199,500	195,888	182,741	13,147
Other services and charges	419,251	422,564	351,083	71,481
Capital outlay	100,000	118,073	118,073	-
Equipment maintenance division				
Personal services	205,094	205,094	187,939	17,155
Supplies	26,490	25,565	23,386	2,179
Other services and charges	24,355	25,780	19,535	6,245
Capital outlay	500	-	-	-
Inventory control division				
Personal services	-	-	-	-
Supplies	11,900	12,951	11,626	1,325
Other services and charges	1,417	366	366	-
Capital outlay	200	200	-	200

City of Greenwood, Mississippi

Budgetary Comparison Schedule - General Fund

For the year ended September 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>Budgetary</u> <u>Basis</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	18,958	18,958	147	18,811
Supplies	10,150	6,533	5,463	1,070
Other services and charges	2,500	640	640	-
Capital outlay	210	-	-	-
Park division maintenance				
Personal services	349,610	349,610	356,261	(6,651)
Supplies	54,500	60,287	57,620	2,667
Other services and charges	46,872	48,072	54,346	(6,274)
Capital outlay	15,000	15,000	14,985	15
Senior citizens center				-
Supplies	4,300	2,400	2,359	41
Other services and charges	4,400	8,250	7,923	327
<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	5,200	5,200	8,401	(3,201)
Salvation Army Appropriations	5,000	5,000	5,000	-
United Way	1,500	1,500	1,500	-
Library Appropriations	213,237	213,237	211,194	2,043
Industrial Board Appropriations	108,000	108,000	103,342	4,658
Humane Society Appropriations	10,000	10,000	-	10,000
Chamber of Commerce	9,000	14,000	11,500	2,500
Cemetery Appropriation	10,000	10,000	8,733	1,267
Red Cross Appropriations	5,000	5,000	5,000	-
Other Utility Appropriations	15,000	15,000	14,752	248
Airport Appropriation	117,500	133,158	133,157	1
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	10,000	5,000

City of Greenwood, Mississippi

Budgetary Comparison Schedule - General Fund

For the year ended September 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>Budgetary</u> <u>Basis</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>				
Drug Court Appropriation	-	-	25,000	(25,000)
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	3,500	8,500	8,500	-
Total expenditures	<u>13,278,851</u>	<u>13,448,276</u>	<u>12,176,333</u>	<u>1,271,943</u>
Excess (deficiency) of revenues over expenditures	<u>(2,022,921)</u>	<u>(2,192,346)</u>	<u>(1,441,753)</u>	<u>750,593</u>
 Other Financing Sources (Uses)				
Proceeds from auction	1,000	1,000	-	(1,000)
Transfers in	1,190,340	1,202,290	1,130,657	(71,633)
Transfers out		(120,000)	(65,867)	54,133
Total other financing sources (uses)	<u>1,191,340</u>	<u>1,083,290</u>	<u>1,064,790</u>	<u>(18,500)</u>
 Net change in fund balances	(831,581)	(1,109,056)	(376,963)	732,093
Budgetary fund balance - beginning	<u>831,581</u>	<u>1,109,056</u>	<u>1,866,776</u>	<u>757,720</u>
Budgetary fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,489,813</u>	<u>\$ 1,489,813</u>

City of Greenwood, Mississippi

Note A to Budgetary Comparison Schedule - General Fund

For the year ended September 30, 2021

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 \$ 10,734,580

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	318,411
Amount due from the state for sales tax and liquor license at year end at is revenue for financial reporting purposes	42,203
Amount received from the state for Covid-19 relief funds were reported as prior year revenues for financial reporting purposes	(356,131)
Amount due from franchisees at year end is revenue for financial reporting purposes	757
Amount due from Greenwood Utilities at year end is revenue for financial reporting purposes	6,917
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - General Fund	<u>\$ 10,746,737</u>

Uses/outflows of resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule \$ 12,176,333

Differences - budget to GAAP:

The City does not record accrued salaries and related employee benefit transfers for budgetary reporting purposes, only for the modified accrual basis	146,306
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	9,329
The City record an expense reimbursement from the state for current year police training n the modified accrual basis, but not for the budgetary basis	(21,900)
The City recorded an expense for an unreimbursed amount for a closed out project on the modified accrual basis, but not for the budgetary basis	5,049
The City recorded the portion of a vehicle purchased with insurance proceeds as capital outlay for the modified accrual basis, but not for the budgetary basis	41,800
The City does not record a payable if it is incurred on or before September 30th and paid after October 30th for the budgetary basis, only for the modified accrual basis	(46,000)
The City transferred money to the cemetery fund and special projects fund to subsidize operations on the modified accrual basis but not for the budgetary basis	(13,731)
The City transferred match funds to the intervention court grant fund on the modified accrual basis but not for the budgetary basis	(25,000)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - General Fund	<u>\$ 12,272,186</u>

City of Greenwood, Mississippi

Budgetary Comparison Schedule -

2019 Tax Exempt Public Improvement GO Bond Fund

For the year ended September 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>Budgetary</u> <u>Basis</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ -	\$ -	\$ 29,571	\$ 29,571
Total revenues	-	-	29,571	29,571
Expenditures				
<u>Public works</u>				
Other services and charges	-	5,279,676	4,928,411	351,265
Total expenditures	-	5,279,676	4,928,411	351,265
Excess (deficiency) of revenues over expenditures	-	(5,279,676)	(4,898,840)	380,836
Other Financing Sources (Uses)				
Transfers out	-	-	(42,200)	(42,200)
Total other financing sources (uses)	-	-	(42,200)	(42,200)
Net change in fund balances	-	(5,279,676)	(4,941,040)	338,636
Budgetary fund balance - beginning	-	5,279,676	5,514,160	234,484
Budgetary fund balance - ending	\$ -	\$ -	\$ 573,120	\$ 573,120

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*

City of Greenwood	2021	2020	2019	2018	2017	2016	2015
Employer's proportionate share of the net pension liability	\$ 15,102,448	\$ 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	0.107%	0.105%	0.107%	0.109%	0.110%	0.109%	0.114%
Employer's covered-employee payroll	\$ 6,382,156	\$ 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	236.64%	307.90%	286.28%	277.25%	275.30%	296.59%	261.79%
Plan fiduciary net position as a percentage of the total pension liability	70.44%	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%
Greenwood Utilities	2021	2020	2019	2018	2017	2016	2015
Employer's proportionate share of the net pension liability	\$ 8,402,236	\$ 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	0.057%	0.061%	0.062%	0.067%	0.065%	0.061%	0.061%
Employer's covered-employee payroll	\$ 3,550,707	\$ 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	236.64%	290.73%	270.12%	260.46%	259.13%	279.22%	247.43%
Plan fiduciary net position as a percentage of the total pension liability	70.44%	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, 2021 measurement date used for September 30, 2021).

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 and increased to 3.88 in 2021.

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	2021	2020	2019	2018	2017	2016	2015
Contractually required employer contribution	\$ 1,229,344	\$ 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	1,229,344	1,228,028	1,118,946	1,116,067	1,069,742	1,096,361	1,117,164
Annual contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered-employee payroll	\$ 7,065,194	\$ 7,057,634	\$ 6,934,323	\$ 7,086,139	\$ 6,792,012	\$ 6,961,023	\$ 7,093,107
Actual contributions as a percentage of covered-employee payroll	17.40%	17.40%	16.14%	15.75%	15.75%	15.75%	15.75%
Greenwood Utilities	2021	2020	2019	2018	2017	2016	2015
Contractually required employer contribution	\$ 653,699	\$ 713,119	\$ 649,430	\$ 672,209	\$ 653,196	\$ 630,869	\$ 609,678
Contributions in relation to the statutorily required contribution	653,699	713,119	649,430	672,209	653,196	630,869	609,678
Annual contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered-employee payroll	\$ 3,756,892	\$ 4,098,375	\$ 4,024,263	\$ 4,272,580	\$ 4,147,110	\$ 4,005,517	\$ 3,870,971
Actual contributions as a percentage of covered-employee payroll	17.40%	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

	2021	2020	2019	2018	2017	2016	2015
Pension Liability							
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,764
Interest	471,452	499,336	521,385	545,172	570,503	597,730	619,518
Change in benefit terms	-	-	-	-	-	-	-
Difference between expected and actual experience	(266,716)	(141,030)	(49,836)	(94,373)	(144,384)	(169,577)	(107,862)
Change of assumptions	(72,871)	-	(22,718)	-	19,779	-	239,110
Benefit payments, including refunds of employee contributions	(719,435)	(716,763)	(749,907)	(765,541)	(779,960)	(778,993)	(802,724)
Net change in total pension liability	(587,570)	(358,457)	(301,076)	(314,742)	(334,062)	(350,840)	(43,194)
Total pension liability - beginning	6,442,969	6,801,426	7,102,502	7,417,244	7,751,306	8,102,146	8,145,340
Total pension liability - ending (a)	<u>\$ 5,855,399</u>	<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	\$ 399,159	\$ 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	736,576	77,981	195,394	229,148	392,073	50,338	139,303
Benefit payments, including refunds of employee contributions	(719,435)	(716,763)	(749,907)	(765,541)	(779,960)	(778,993)	(802,724)
Administrative expense	(7,983)	(7,369)	(8,936)	(8,940)	(8,883)	(9,306)	(10,024)
Other changes	-	-	(2,852)	(279)	430	7,458	-
Net change in plan fiduciary net position	408,317	(273,353)	(115,596)	(94,333)	53,030	(255,965)	(163,858)
Plan net position - beginning	2,542,339	2,815,692	2,931,288	3,025,621	2,972,591	3,228,556	3,392,414
Plan net position - ending (b)	<u>\$ 2,950,656</u>	<u>\$ 2,542,339</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>\$ 2,904,743</u>	<u>\$ 3,900,630</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	50.39%	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	N/A
Net pension liability (asset) as a percentage of covered payroll*	N/A	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

	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution*	\$ 399,159	\$ 368,513	\$ 446,779	\$ 447,022	\$ 444,143	\$ 465,290	\$ 501,221
Contributions in relation to the actuarially determined contributions*	399,159	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	N/A
Contributions as a percentage of covered payroll	N/A	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: Schedule of the City's Proportionate Share of the Net Pension Liability and Related Ratios (Mississippi Public Employees' Retirement System)

The City's proportionate share of the net pension liability was determined based on the City's allocated percentage of its actual contributions to PERS to total actual contributions as of and for the year ended June 30, 2021. The total pension liabilities used in the development of the ratio of the plan fiduciary net position to total pension liabilities presented in the schedule was provided by the PERS actuarial consultants, Cavanaugh Macdonald Consulting, LLC. The net pension liability is measured as the total pension liability less the amount of the fiduciary net position held for PERS as of and for the year ended June 30, 2021.

Note 2 – Schedule of the City's Contributions for Pensions (Mississippi Public Employees' Retirement System)

The employer contribution rate for the City was 9.75% in fiscal year 2005 with an increase in fiscal year 2006 to 10.75%. Beginning in fiscal year 2007, the employer contribution rate increased from 10.75% in .55% increments until the target rate was met in fiscal year 2008. Use of the phased-in employer contribution rate increase resulted in an annual contribution deficit for fiscal year 2007. The purpose of the phased-in approach was to moderate the impact to the State of Mississippi of a contribution rate increase. A slight increase in the employer contribution rate was implemented in fiscal year 2010, from 11.85% to 12.00%. In fiscal year 2010, the actuary's recommended employer contribution rate was to increase from 12.00% to a projected 13.56% for fiscal year 2011. In lieu of the employer contribution rate increase, the member contribution rate was increased to 9.00% for fiscal year 2011, which produced a decrease in employer normal cost. The reduction in normal cost, coupled with favorable investment experience, resulted in a revised recommended employer contribution rate from 13.56% to 12.93%, which became effective January 1, 2012. The employer contribution rate increased in fiscal year 2013 to 14.26% and in fiscal year 2014, and the PERS Board of Trustees implemented a revised funding policy aimed at stabilizing the employer contribution rate, which was set at 15.75%. The employer contribution rate remained at 15.75% through the fiscal year ending June 30, 2019. The PERS Board of Trustees approved an increase in the employer contribution rate from 15.75% to 17.40% for the fiscal year ending June 30, 2020. Further, the PERS Board of Trustees also adopted a new funding policy, which sets the funding goals, objectives, and metrics for possible changes in the contribution rate for future valuations.

Note 3 – Changes of Assumptions (Mississippi Public Employees' Retirement System)

In 2021, changes in actuarial assumptions included the following:

- i. The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments. For males 95% of males up to age 60, 110% for ages 61 to 75, and 101% for ages above 77. For females, 84% of female rates up to age 72, 100% for ages above 76. Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.
- ii. The expectation of disabled mortality was changed to PubG.H-2010 Disabled Table for disabled retirees with the following adjustments. For males, 134% of male rates at all ages. For females, 121% of female rates at all ages. Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.
- iii. The expectation of contingent annuitant mortality was based on the PubS.H-2010(B) Contingent Annuitant Table with the following adjustments. For males, 97% of male rates at all ages. For females, 121% of female rates at all ages. Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.
- iv. The price inflation assumption was reduced from 2.75% to 2.40%.
- v. The wage inflation assumption was reduced from 3.00% to 2.65%.

City of Greenwood, Mississippi

Notes to the Schedules of Required Supplementary Information

- vi. The investment rate of return was reduced from 7.75% to 7.55%.
- vii. The assumed load for administrative expenses was increased from 0.25% to 0.28% of payroll.
- viii. Withdrawal rates, pre-retirement mortality rates, disability rates, and service retirement rates were also adjusted to reflect actual experience more closely.
- ix. The percentage of active member disabilities assumed to be in the line of duty was increased from 9.00% to 12.00%.
- x. The percentage of active member deaths assumed to be in the line of duty was decreased from 6.00% to 4.00%.

In 2020, there were no changes in assumptions and methods since the last valuation.

In 2019, changes in actuarial assumptions included the following:

- i. 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. Mortality rates will be projected generationally using the MP-2018 projection scale to account for future improvements in life expectancy.
- ii. The expectation of disabled mortality was changed to the PubT.H-2010(B) Disabled Retiree Table for the disabled retirees with the following adjustments. For males 137% of male rates for all ages. For females 115% of the female rates for all ages. Projected scale MP-2018 will be used to project future improvements in life expectancy generationally.
- iii. The price inflation assumption was reduced from 3.00% to 2.75%.
- iv. The wage inflation assumption was reduced from 3.25% to 3.00%.
- v. Withdrawal rates, pre-retirement mortality rates, and service retirement rates were also adjusted to more closely reflect actual experience.
- vi. The percentage of active member disabilities assumed to be in the line of duty was increased from 7.00% to 9.00%.

In 2018, there were no changes in assumptions and methods since the last valuation.

In 2017, changes in actuarial assumptions included (i) the expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022 and with small adjustments made to the Mortality Table for disabled lives; (ii) the wage inflation assumption was reduced from 3.75% to 3.25%; (iii) adjustments to withdrawal rates, preretirement mortality rates, disability rates and service retirement rates to more closely reflect actual experience; and (iv) the percentage of active member disabilities assumed to be in the line of duty was increased from 6.00% to 7.00%.

In 2016, the assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%. Additionally for benefit provisions, effective July 1, 2016, the interest rate on employee contributions was 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. 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

City of Greenwood, Mississippi

Notes to the Schedules of Required Supplementary Information

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.

Differences between projected and actual earnings on pension plan investments are amortized over a closed period of 5 years.

Note 4 – 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, 2019 valuation for the June 30, 2021 plan's 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	28.8 years
Asset valuation method	5-year smoothed market
Price inflation	2.75%
Salary increase	3.00 - 18.50%, including inflation
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

Note 5 – 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, 2021 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	2.75%
Salary increase	3.00 - 4.50%, including inflation
Investment rate of return	6.25%, net of pension plan investment expense, including inflation

Supplementary Information

City of Greenwood, Mississippi

Schedule of Surety Bonds for Municipal Officials
September 30, 2021

Name	Position	Company	Bond Amount
Carolyn H. McAdams	Mayor	Travelers Casualty	\$ 100,000
Cynthia Stanciel	Chief Administrative Officer	Travelers Casualty	\$ 50,000
Linda Osbourne	City Clerk	Travelers Casualty	\$ 50,000
Jody Bradley	Police Chief	Travelers Casualty	\$ 50,000
John W. 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
Dorothy Glenn	Councilwoman	Travelers Casualty	\$ 100,000
Ronald Stevenson	Councilman	Travelers Casualty	\$ 100,000

Special Reports

City of Greenwood, Mississippi

Schedule of Expenditures of Federal Awards For the Year Ended September 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Housing and Urban Development			
Passed-through Mississippi Development Authority: Community Development Block Grants/State's Program and Nonentitlement Grants in Hawaii	14.228	1134-17-200-ED-01	\$ 8,100
Passed-through Mississippi Home Corporation: Home Investment Partnership Program	14.239	1228-M 16-SG-280-200	482,438
Total U.S. Department of Housing and Urban Development			490,538
U.S. Department of the Interior			
Passed-through Mississippi Department of Archives and History: Certified Local Government (CLG) Grant Program	15.904	Not Applicable	\$ 4,000
Total U.S. Department of the Interior			4,000
U.S. Department of Transportation			
Passed-through Mississippi Department of Transportation: Highway Planning and Construction: (Federal-Aid Highway Program)	20.205	STP-0180-00(024) LPA/107360-701000	168,799
Passed-through Mississippi Department of Public Safety: State and Community Highway Safety	20.600	PT-2021-PT-21-31	1,686
Total U.S. Department of Transportation			170,485
U.S. Department of the Treasury			
Passed-through Mississippi Home Corporation: Blight Elimination Program Phase I	21.Unknown	BEP - 011	63,822
Blight Elimination Program Phase II	21.Unknown	BEP - 049	73,562
Total U.S. Department of the Treasury			137,384
U.S. Department of Homeland Security			
Passed-through Mississippi Emergency Management Agency: FEMA-4538-DR-MS	97.036	PA-04-MS-4538-PW-00139	6,048
FEMA-4538-DR-MS	97.036	PA-04-MS-4538-PW-00142	4,165
FEMA-4538-DR-MS	97.036	PA-04-MS-4538-PW-00140	660,081
Total U.S. Department of Homeland Security			670,294
TOTAL			\$ 1,472,701

City of Greenwood, Mississippi

Notes to Schedule of Expenditures of Federal Awards For the Year Ended September 30, 2021

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, 2021. 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 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. Based upon experience, the City does not believe that such disallowance, if any, would have a material effect on the position of the City.

Note F - Loans Payable

In accordance with the Uniform Guidance, loans and loan guarantees include new loans made during the year, plus prior year loans for which the federal government imposes continuing compliance requirements.

U.S. Department of Environmental Quality

Passed through Mississippi Department of Environmental Quality:

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

Phase IV sewer improvements 2.0% note dated July 1, 2008

66.458	SRF-C280782-04-2	<u>\$2,892,271</u>
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Phase V wastewater treatment facility 1.75% note dated November 9, 2013

66.458	SRF-C280782-04-2	<u>\$32,525,964</u>
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Robert K. VanDevender, CPA
Lance Mohamed, CPA
Stribling W. Hargett, CPA

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



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

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

To the City Council
City of Greenwood, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Greenwood, Mississippi (the "City"), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 20, 2022. Our report includes a reference to other auditors who audited the financial statements of 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) as a basis for designing 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 as items 2021-1 and 2021-2 that we consider to be material weaknesses.

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 financial statements. 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*.

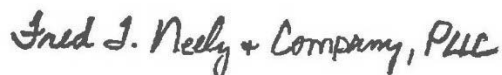
City of Greenwood, Mississippi's Response to Findings

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, flowing style.

Greenwood, Mississippi
June 20, 2022

Robert K. VanDevender, CPA
Lance Mohamed, CPA
Stribling W. Hargett, CPA

W. Lee Mattox, CPA
William A. Adams, CPA
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(1897 – 1967)
Billy Joe Killebrew, CPA
(1942 – 2010)
Ralph F. Neely, CPA
(1927 –)

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 (the "City") 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's major federal programs for the year ended September 30, 2021. The City'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'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'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's compliance.

Opinion on Each Major Federal Program

In our opinion, the City 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, 2021.

Report on Internal Control over Compliance

Management of the City 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'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'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
June 20, 2022

Robert K. VanDevender, CPA
Lance Mohamed, CPA
Stribling W. Hargett, CPA



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

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

Independent Auditor's Report on Compliance with State Laws and Regulations

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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 20, 2022. 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 Mississippi 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 solely for the information and use of City's management, City Council, and the Mississippi Office of the State Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Fred T. Neely & Company, PLLC

Fred T. Neely & Company, PLLC

Greenwood, Mississippi
June 20, 2022

The City of Greenwood, Mississippi

Summary Schedule of Prior Audit Findings

Year Ended September 30, 2021

2020-1. 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, 2021

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 97.036 - Disaster Grants-Public Assistance (Presidentially Declared Disasters) | |
| 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 Weaknesses

2021-1: 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, 2021

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.

2021-2: Preparation of the Schedule of Expenditures of Federal Awards (SEFA)

Condition: The City did not identify all federal expenditures for accrual as part of the financial close process for the year ended September 30, 2021.

Criteria: The City is required by the Code of Federal Regulations (CFR) 2 CFR 200.508(b) to prepare appropriate financial statements including the SEFA in accordance with 2 CFR 200.510. The City is required to prepare and present a complete and accurate SEFA each year if total federal expenditures for the year exceed \$750,000. Determination of federal expenditures must be made in accordance with relevant cost principles, terms of awards, and sources of expended funds. In addition, the City must identify in its accounts all federal awards received and expended, as well as the federal programs under which they were received. This enables the City to reconcile amounts presented in the financial statements to the amounts reported in the SEFA.

Cause: The internal controls over the City's financial close process did not provide for an independent review of certain accruals required during the year-end financial close process.

Effect: The City was unable to prepare a SEFA.

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 SEFA could occur and not be prevented or detected by the City's internal control.

Recommendation: We recommend that a separate, independent review of all year-end accruals be performed to ensure the inclusion of all necessary adjustments are prepared and reported in the modified-

The City of Greenwood, Mississippi

Schedule of Findings and Questioned Costs

Year Ended September 30, 2021

cash basis financial statements. The independent review should also allow for review of the accruals to determine if any should be included in the preparation of the SEFA.

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

June 20, 2022

The City of Greenwood, Mississippi, respectfully submits the following corrective action plan for the year ended September 30, 2021.

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, 2021.

The findings from the 2021 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 Weaknesses

2021-1:

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.

2021-2:

Recommendation: We recommend that a separate, independent review of all year-end accruals be performed to ensure the inclusion of all necessary adjustments are prepared and reported in the modified-cash basis financial statements. The independent review should also allow for review of the accruals to determine if any should be included in the preparation of the SEFA.

Action taken: We agree with the finding. An independent review of a year-end accruals will be performed to ensure all necessary adjustments are prepared, reviewed and reported as federal expenditures in the SEFA

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

Sincerely yours,

A handwritten signature in blue ink that reads "Carolyn McAdams". The signature is written in a cursive, flowing style.

Carolyn McAdams
Mayor