## 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 Auditor's and Financial Statements and Supplementary Information for City of Greenwood, Mississippi Greenwood, Mississippi For the Year Ended September 30, 2022

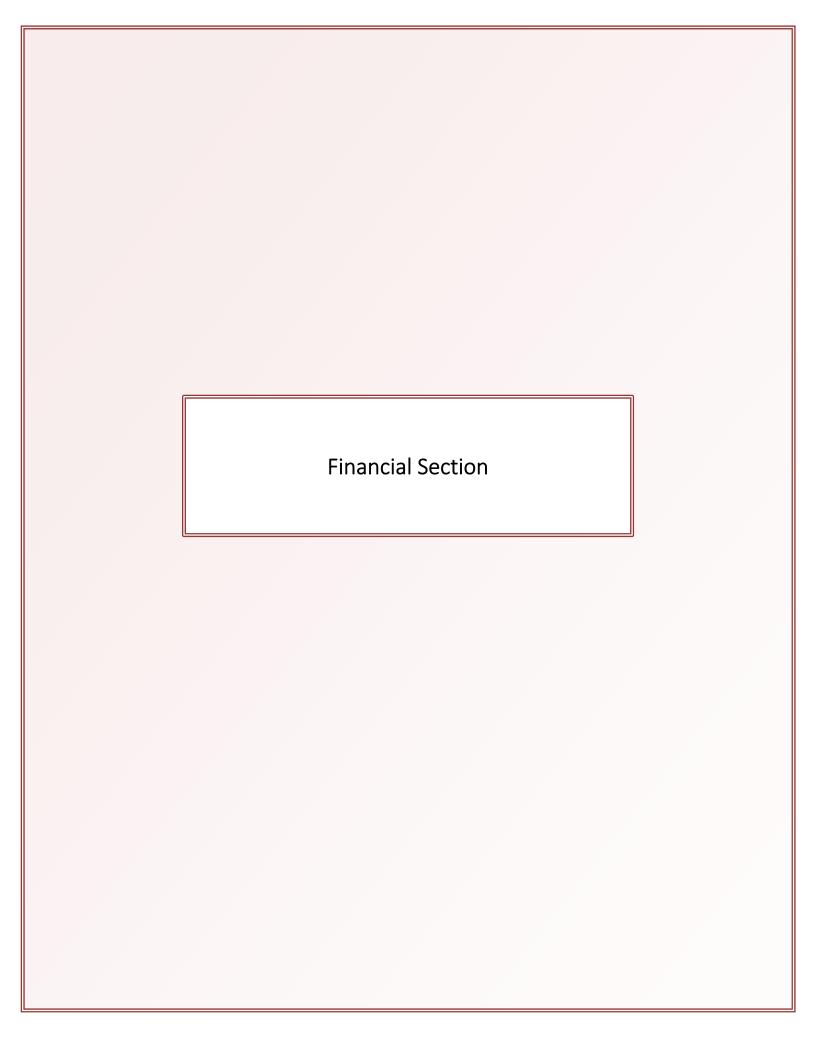


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### Independent Auditor's Report

To the City Council City of Greenwood, Mississippi

#### Report on the Audit of the Financial Statements

#### **Opinions**

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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, 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, the major fund, and the aggregate remaining fund information of the City, as of September 30, 2022, 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.

We did not audit the financial statements of the Greenwood-Leflore Public Library System, which represent 24 percent, -127 percent, and 37 percent, respectively, of the assets, net position, and revenues of the discretely presented component unit as of September 30, 2022, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Greenwood-Leflore Public Library System, is based solely on the report of the other auditors.

#### **Basis for Opinions**

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. 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*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the

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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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to
  fraud or error, and design and perform audit procedures responsive to those risks. Such procedures
  include examining, on a test basis, evidence regarding the amounts and disclosures in the financial
  statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is
  expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

#### **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

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City of Greenwood, Mississippi
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contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

### **Supplementary 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 supplementary information contained herein is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 by us and other auditors. In our opinion, based on our audit and the report of the other auditors, the supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Schedule of Surety Bonds for Municipal Officials but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

#### Other Reporting Required by Government Auditing Standards

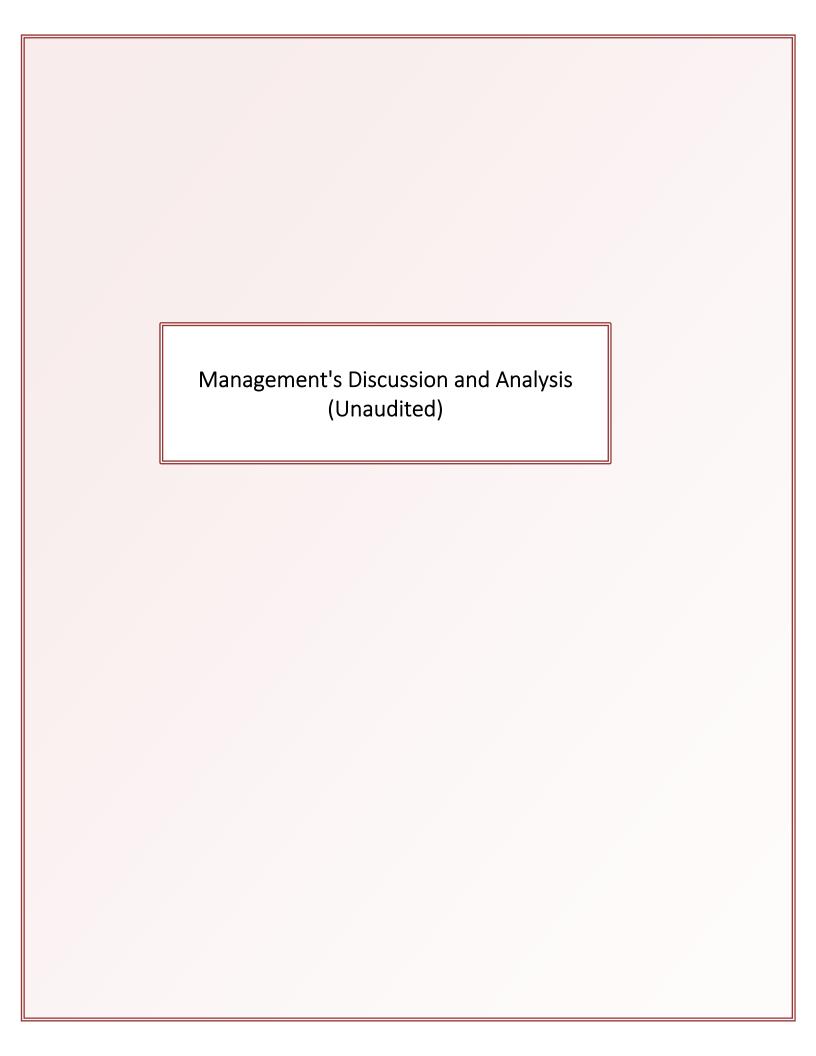
In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other 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 the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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Fred T. Neely & Company, PLLC

Fred J. Neely + Company, PUL

Greenwood, Mississippi June 22, 2023





The discussion and analysis of the City of Greenwood, Mississippi's (the City) financial performance provides an overall review of the City's financial activities for the year ended September 30, 2022. 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 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 financial 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 of resources, liabilities and deferred inflows of resources, with the differences between them 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 financial statement is the Statement of Activities, which reports how the City's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid.

Both government-wide financial statements distinguish governmental activities of the City that are principally supported by taxes and intergovernmental revenues, such as grants, from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety, public works, health and welfare, culture and recreation, 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 and Greenwood Utilities Commission, 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 System, discretely presented component units. Financial information for the discretely presented component units are reported separately from the financial information presented for the primary government itself. Financial statements for these agencies can be obtained at the following addresses:

- Greenwood Tourism Commission, 225 Howard Street, Greenwood, Mississippi 38930
- Greenwood-Leflore Public Library System, 405 West Washington Street, Greenwood, Mississippi 38930
- Greenwood Utilities Commission, 101 Wright Place, Greenwood, Mississippi 38930



#### **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, the General Fund is the City's only major governmental fund. The major proprietary funds of the City are the Sewage Enterprise Fund and Greenwood Utilities Commission 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 adopts an annual budget for all of its funds. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with its budget. The basic governmental funds financial statements can be found in the financial statements section of this report.

#### **Proprietary Funds**

The City 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, Greenwood Utilities Commission 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 Commission Fund, which are considered to be major funds of the City. 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 2022 were as follows:

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the 2022 fiscal year by \$77,467,786.
- The government's total net position decreased by \$802,502.
- The total assets and deferred outflows of resources of governmental activities decreased by \$330,371 from the prior year.
- The City's General Fund reported an ending fund balance of \$2,225,230, a decrease of \$345,345 from the prior year ending fund balance of \$2,570,575. Other governmental funds reported a total ending fund balance of \$2,405,980, an increase of \$63,919 in comparison to the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2,225,230
  or 17% of total General Fund expenditures including transfers and 18% of total General Fund
  revenues including transfers and proceeds from sale of capital assets. These funds are available for
  spending at the government's discretion.
- The City's total debt (including capital leases) is \$51,625,763. Debt in the amount of \$4,156,023 was repaid during the current fiscal year.

#### 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 2022 compared to 2021.



Management's Discussion and Analysis (Unaudited) September 30, 2022

Table 1
Statement of Net Position (Summary)

	Governmental Activities		Business-ty	pe Activities	Total		
	2022	2021	2022	2021	2022	2021	
Assets							
Current and other assets	\$ 14,670,123	\$ 13,494,491	\$ 30,632,209	\$ 28,690,784	\$ 45,302,332	\$ 42,185,275	
Capital assets, net	48,608,936	50,235,366	82,249,857	85,624,224	130,858,793	135,859,590	
Total Assets	63,279,059	63,729,857	112,882,066	114,315,008	176,161,125	178,044,865	
Deferred Outflows of Resources	1,672,848	1,552,421	1,582,611	1,317,645	3,255,459	2,870,066	
Liabilities							
Current liabilities	880,053	1,002,204	5,419,539	4,033,152	6,299,592	5,035,356	
Due within one year	1,845,293	2,096,923	1,847,156	1,891,003	3,692,449	3,987,926	
Due in more than one year	32,578,535	29,786,447	49,330,559	47,808,837	81,909,094	77,595,284	
Total Liabilities	35,303,881	32,885,574	56,597,254	53,732,992	91,901,135	86,618,566	
Deferred Inflows of Resources	8,963,660	11,960,353	1,084,003	4,065,727	10,047,663	16,026,080	
Net Position							
Net investment in capital assets	34,142,305	34,055,464	45,754,215	47,402,716	79,896,520	81,458,180	
Restricted	2,109,472	1,515,819	-	-	2,109,472	1,515,819	
Unrestricted	(15,567,411)	(15,134,932)	11,029,205	10,431,221	(4,538,206)	(4,703,711)	
Total Net Position	\$ 20,684,366	\$ 20,436,351	\$ 56,783,420	\$ 57,833,937	\$ 77,467,786	\$ 78,270,288	

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 exceeded liabilities and deferred inflows of resources by \$77,467,786 as of September 30, 2022. Total assets and deferred outflows of resources decreased \$1,498,347. Capital assets decreased by \$5,000,797. Net position of the City's governmental and business-type activities decreased by \$802,502.

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.

Table 2 provides a summary of the Changes in Net Position government-wide for the years ended September 30, 2022 and 2021.



Management's Discussion and Analysis (Unaudited) September 30, 2022

	Changes in Net Position								
	Governmen 2022	tal Activities 2021	Business-ty 2022	pe Activities 2021	2022	2021			
Revenues	2022	2021	2022	2021	2022	2021			
Program revenues									
Charges for services	\$ 1,379,991	\$ 1,470,545	\$ 39,094,942	\$ 35,353,567	\$ 40,474,933	\$ 36,824,112			
Operating grants and	237,131	718,252	11,695	8,159	248,826	726,411			
Capital grants and	7,374	254,461	448,761	670,295	456,135	924,756			
	7,574	254,401	440,701	070,233	430,133	324,730			
General revenues									
Property taxes	5,908,241	5,444,526	-	-	5,908,241	5,444,526			
Other taxes	6,225,438	5,859,435	-	-	6,225,438	5,859,435			
Unrestricted investment	32,597	58,213	89,181	178,339	121,778	236,552			
Other income	253,755	242,950	25,106	445,329	278,861	688,279			
Total Revenues	14,044,527	14,048,382	39,669,685	36,655,689	53,714,212	50,704,071			
Expenses									
General government	1,839,717	1,771,178	-	-	1,839,717	1,771,178			
Public safety	7,808,718	7,307,558	-	-	7,808,718	7,307,558			
Public works	2,543,683	6,895,745	-	-	2,543,683	6,895,745			
Health and welfare	22,025	633,692	-	-	22,025	633,692			
Culture and recreation	701,426	676,636	-	-	701,426	676,636			
Economic development									
and assistance	973,959	1,007,084	-	-	973,959	1,007,084			
Miscellaneous	597,589	426,133	-	-	597,589	426,133			
Interest and charges on									
long-term debt	388,002	597,459	-	-	388,002	597,459			
Sewer	-	-	5,450,814	4,602,747	5,450,814	4,602,747			
Solid waste	-	-	1,990,778	1,955,179	1,990,778	1,955,179			
Unemployment	-	-	14,346	6,199	14,346	6,199			
Electric and water	-	-	32,185,657	26,538,076	32,185,657	26,538,076			
Total Expenses	14,875,119	19,315,485	39,641,595	33,102,201	54,516,714	52,417,686			
Excess of Revenues over									
(under) Expenditures	(830,592)	(5,267,103)	28,090	3,553,488	(802,502)	(1,713,615)			
Transfers, net	1,078,607	1,341,507	(1,078,607)	(1,341,507)	-	- -			
Changes in Net	248,015	(3,925,596)	(1,050,517)	2,211,981	(802,502)	(1,713,615)			
Net Position - Beginning	20,436,351	24,361,947	57,833,937	55,621,956	78,270,288	79,983,903			
Net Position - Ending	\$ 20,684,366	\$ 20,436,351	\$ 56,783,420	\$57,833,937	\$ 77,467,786	\$ 78,270,288			

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

- Increase in property tax collections of approximately \$464,000. Sales, franchise and other tax revenues increased approximately \$366,000, which is due to normal growth and the use tax received from the Mississippi Infrastructure Modernization Act of 2018.
- Grant money received decreased approximately \$946,000 in the current fiscal year.



- The decrease in public works of approximately \$4,350,000 is due to a reduction in street repairs in 2022 as compared to 2021. During 2021, the City completed a number of street improvement projects related to the 2019 Tax Exempt Public Improvement General Obligation Bond issue.
- The decrease in net position of approximately \$803,000 is due to costs incurred in the current year for capital improvements where the proceeds of the bond issuance were received in a prior year.
- The decrease in net position before transfers in business-type activities is due to an approximate \$6,539,000 increase in operating expenses, an increase in total operating revenues of approximately \$3,014,000, specifically an approximate \$3,741,000 increase in charges for services.
- For Greenwood Utilities Commission, purchased power expenses increased by approximately \$4,200,000 as a result of an increase in the cost of purchased power and a decrease in electric consumption to 266.4 million KWH in 2022 from 271.2 million KWH in 2021. The increase in purchase power is attributable to the increase in the price of natural gas. Numerous factors including the war between Russia and Ukraine and extreme weather conditions contributed to the steep increase in prices which peaked in August of 2022. The 2022 average natural gas spot price increased over 53% from 2021. Total operating expenses increased by approximately \$5,600,000 in 2022 from 2021. The increase is attributable to an increase in purchase power of approximately \$4,200,000 and an increase of approximately \$1,200,000 in distribution expenses.

#### **Governmental Activities**

Several revenue sources fund our governmental activities. Under the accrual basis of accounting, sales and use taxes accounted for \$5,976,737 or 48% of general revenues less transfers and property taxes accounted for \$5,908,241 or 48% of general revenues less transfers.

Major expense activities, under the accrual basis of accounting, include public safety which accounted for 52% of total governmental activities expenses, public works which accounted for 17% and general government which accounted for 12%. The City is committed to providing the best services possible for its citizens.

#### **Business-type Activities**

User fees fund our business-type activities. User fees accounted for \$39,094,942 or 98.6% of gross revenues (excluding special items) with investment income and grants and contributions accounting for the remaining 1.4% of gross revenues.

Major expense activities include electric and water which accounted for 81% of total business-type expenses (excluding special items), sewer which accounted for 14% and solid waste which accounted for 5%.

#### 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.



Management's Discussion and Analysis (Unaudited) September 30, 2022

Fund		nd Balance .0/1/2021	Increase (Decrease)		Fund Balance 9/30/2022	
General Fund	\$	2,570,575	\$	(345,345)	\$	2,225,230
Special Revenue Funds		989,078		452,029		1,441,107
Debt Service Funds		718,164		144,608		862,772
Capital Projects Funds		573,120		(545,666)		27,454
Other General Funds		61,699		12,948		74,647
Total Governmental Funds	\$ 4,912,636		\$	(281,426)	\$	4,631,210
_Fund		et Position .0/1/2021		ncrease Decrease)		et Position 9/30/2022
Sewage Enterprise Fund	\$	13,570,091	\$	(495,150)	\$	13,074,941
Greenwood Utilities Commission		44.740.055		(740,000)		42.000.400
Fund		44,710,055		(719,923)		43,990,132
Other Enterprise Funds		(435,355)		116,979		(318,376)
Internal Service Fund		(116,012)		344,000		227,988
Total Proprietary Funds	\$	57,728,779	\$	(754,094)	\$	56,974,685

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 Mississippi Infrastructure Modernization Act of 2018.

The increase in the Debt Service Funds is primarily due to an excess in ad valorem taxes and rent collected than what was required for the repayment of debt.

The decrease in the Capital Projects Funds is the result of costs incurred in the current year for capital improvements where the proceeds of the bond issuance were received in a prior year.

The decrease in the Sewage Enterprise Fund is primarily due to an increase in contractual services for the continued maintenance of the City's sewage system as well as current depreciation of the sewage enterprise fund capital assets.

The increase in the Other Enterprise Funds is primarily due to a decrease in operating costs and an increase in 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 negative net position. However, because the cost of claims in the current year was lower than expected, the fund ended with a positive 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 2022, 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 City Council approval. With the General Fund supporting many the City's major activities such as police and fire protection, legislative and executive activities, public works and culture and recreational activities, the General Fund is monitored closely for possible revenue shortfalls or overspending by individual departments.

The General Fund's original budgeted revenues including other financing sources were \$12,566,909, and final budgeted revenues including other financing sources were \$12,603,778. Actual revenues including transfers were \$12,630,462 on the budgetary basis. The General Fund's original budgeted operating expenditures including transfers were \$13,964,250 compared to the final budget amount of \$14,024,352. Actual expenditures including transfers were \$12,905,880 on the budgetary basis.

#### Capital Assets and General Long-term Debt

#### Capital Assets

Total

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.

In accordance with GASB No. 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, 2022, amounted to \$130,858,793, net of accumulated depreciation of \$87,580,450. This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, infrastructure and construction in progress.

Table 3 compares the capital assets (net of depreciation) of the City at September 30, 2022 to 2021 amounts as follows:

Capital Assets (Net of Depreciation) at Year End

	Governmen	tal Activities	Business-ty	pe Activities	Total		
	2022	2021	2022	2021	2022	2021	
Land	\$ 3,382,646	\$ 3,382,646	\$ 601,020	\$ 601,020	\$ 3,983,666	\$ 3,983,666	
Construction in progress	1,258,835	1,195,206	55,800	885,418	1,314,635	2,080,624	
Infrastructure	13,219,340	13,763,740	46,729,675	48,943,695	59,949,015	62,707,435	
Building & improvements	28,478,257	29,690,107	-	-	28,478,257	29,690,107	
Mobile equipment	1,849,745	1,734,076	798,671	684,393	2,648,416	2,418,469	
Furniture & equipment	420,113	469,591	158,621	97,290	578,734	566,881	
Greenwood Utilities							
Commission plant assets			33,906,070	34,412,408	33,906,070	34,412,408	

\$48,608,936 \$50,235,366 \$82,249,857 \$85,624,224 \$130,858,793 \$135,859,590



Long-term Debt

Table 4 compares the total outstanding long-term debt of the City at September 30, 2022 to 2021 amounts as follows:

Outstanding Notes and Long-term Debt at Year End								
	Governmen	tal Activities	Business-ty	pe Activities	To	Total		
	2022	2021	2022	2021	2022	2021		
G.O. bonds	\$ 8,738,000	\$ 9,836,000	\$ -	\$ -	\$ 8,738,000	\$ 9,836,000		
Taxable UR rev bonds	870,371	1,092,593	-	-	870,371	1,092,593		
Notes payable	4,332,378	4,567,803	406,881	432,637	4,739,259	5,000,440		
State revolving loans	-	-	36,088,761	37,686,677	36,088,761	37,686,677		
Capital leases	454,427	585,238	-	73,521	454,427	658,759		
Comp absences	259,377	312,197	475,568	460,175	734,945	772,372		
Total	\$ 14,654,553	\$ 16,393,831	\$ 36,971,210	\$ 38,653,010	\$ 51,625,763	\$ 55,046,841		

The City's legal debt margin for the issuance of general obligation bonds at September 30, 2022, was \$11,961,877. Additional information on the City's long-term debt can be found in Note 9.

#### **Current Financial Related Activities**

The City 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, Mississippi location and invested more than \$10 million. With the help of the City and the State of Mississippi, the Company acquired an additional 200,000 square feet which has been renovated. This industry-leading manufacturer of heavy-duty portable electric power tools and accessories now employs nearly 700 people, with more job growth due to Expansion Phase III.

The City 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.

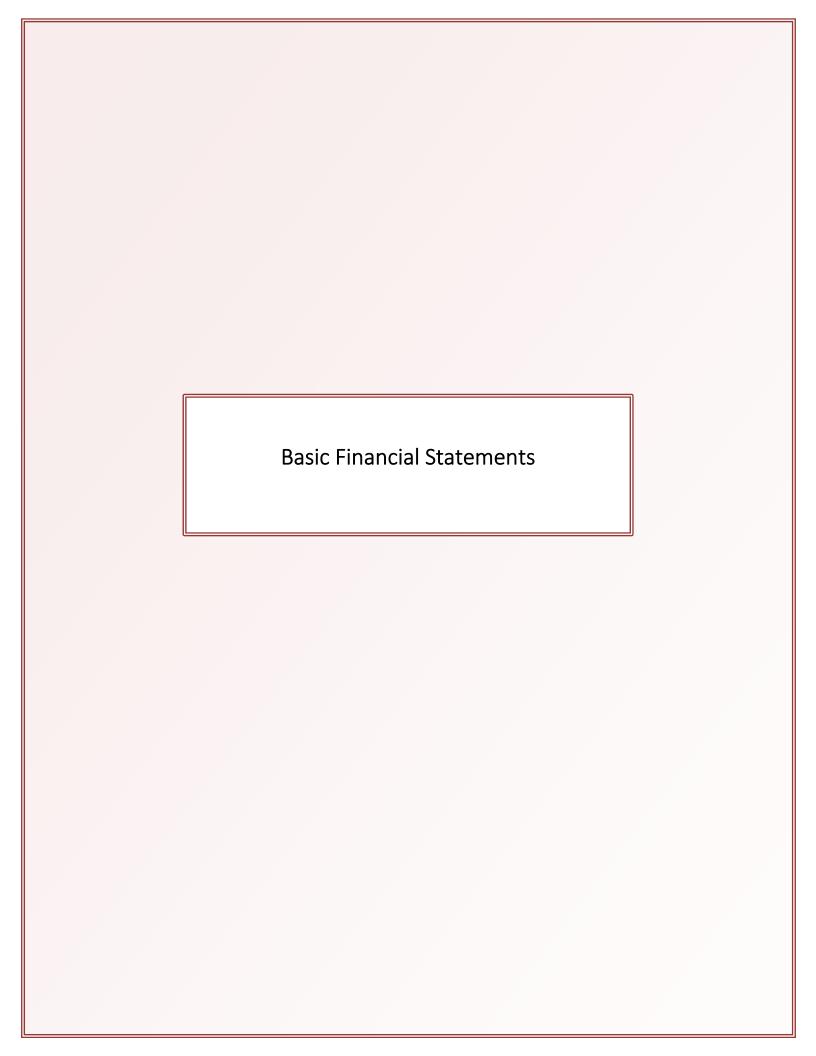
Recently, our community, with the encouragement of the Delta Council, became an ACT Work Ready Community, which signifies it has the workforce to meet the needs of many businesses. The designation was achieved after a specified number of current workers or future members of the workforce took an exam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



The City 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.



Statement of Net Position September 30, 2022

	Primary Government					
	Governmental	Business-type	Business-type			
Assets	Activities	Activities	Total	Units		
Cash and cash equivalents	\$ 7,918,183	\$ 13,945,820	\$ 21,864,003	\$ 860,427		
Property tax receivable	5,598,639	-	5,598,639	-		
Accounts receivable	=	5,424,885	5,424,885	=		
Intergovernmental receivables	1,099,391	563,554	1,662,945	96,461		
Other receivables	49,502	50,989	100,491	2,746		
Internal balances	(42,465)	42,465	=	=		
Inventories	=	1,212,592	1,212,592	-		
Prepaid expenses	46,873	151,715	198,588	11,405		
Restricted assets	-	9,240,189	9,240,189	64,635		
Capital assets:						
Land and construction in progress	4,641,481	656,820	5,298,301	-		
Other capital assets, net	43,967,455	81,593,037	125,560,492	201,564		
Total Assets	63,279,059	112,882,066	176,161,125	1,237,238		
Deferred Outflows of Resources						
Deferred outflows of Resources  Deferred outflows related to pensions	1 672 040	1 502 611	2 255 450	116,343		
Total Deferred Outflows of Resources	1,672,848 1,672,848	1,582,611	3,255,459			
Total Deferred Outflows of Resources	1,072,040	1,582,611	3,255,459	116,343		
Liabilities						
Accounts payable and accrued expenses	820,102	3,582,645	4,402,747	54,051		
Liabilities payables from restricted assets	=	1,752,879	1,752,879	-		
Intergovernmental payables	3,901	3,310	7,211	-		
Other payables	56,050	80,705	136,755	-		
Long-term liabilities						
Due within one year:						
Lease payable	58,983	-	58,983	-		
Bonds, notes and contracts	1,455,478	1,654,271	3,109,749	-		
Accrued interest	71,455	-	71,455	-		
Accrued compensated absences	259,377	192,885	452,262	8,149		
Due in more than one year:						
Lease payable	395,444	-	395,444	-		
Bonds, notes and contracts	12,485,271	34,841,371	47,326,642	=		
Accrued compensated absences	=	282,683	282,683	4,519		
Net pension liability	19,697,820	14,206,505	33,904,325	859,917		
Total Liabilities	35,303,881	56,597,254	91,901,135	926,636		
Deferred Inflows of Resources	· · · · · · · · · · · · · · · · · · ·			· · · · · · · · · · · · · · · · · · ·		
Deferred inflows of resources  Deferred inflows related to pensions	39,037	1,084,003	1,123,040	40,050		
Deferred revenues - property taxes	5,590,717	1,084,003	5,590,717	40,030		
Deferred revenues - recovery funds		-		-		
Total Deferred Inflows of Resources	3,333,906 8,963,660	1,084,003	3,333,906	40,050		
Net Position	8,903,000	1,064,003	10,047,003	40,030		
Net investment in capital assets	34,142,305	45,754,215	79,896,520	201,564		
Restricted for:	34,142,303	45,754,215	79,690,520	201,364		
Unemployment				4,668		
Debt service	556,639	-	556 620	4,008		
	550,059	-	556,639	10.000		
Capital projects	120 270	-	120.270	10,000		
Community development projects	120,378	-	120,378	40.715		
Other purposes	1,432,455	11 020 205	1,432,455	49,715		
Unrestricted	(15,567,411)	11,029,205	(4,538,206)	120,948		
Total Net Position	\$ 20,684,366	\$ 56,783,420	\$ 77,467,786	\$ 386,895		

Statement of Activities For the Year Ended September 30, 2022

					Progra	m Revenues		
					Opera	ating Grants	Capi	tal Grants
			(	Charges for		and		and
Functions/Programs		Expenses		Services	Con	tributions	Con	tributions
Primary government:								
Governmental activities:								
General government	\$	1,839,717	\$	146,369	\$	991	\$	-
Public safety		7,808,718		210,486		189,388		-
Public works		2,543,683		91,492		33,132		-
Health and welfare		22,025		-		13,620		7,374
Culture and recreation		701,426		30,577		-		-
Economic development and assistance		973,959		117,109		-		-
Miscellaneous appropriations		597,589		-		-		-
Interest and charges on long-term debt		388,002		783,958		-		-
Total Governmental Activities		14,875,119		1,379,991		237,131		7,374
Business-type activities:								
Sewer		5,450,814		3,598,689		_		448,761
Solid waste		1,990,778		2,134,991		11,695		-
Unemployment compensation		14,346		_		-		-
Electric and water		32,185,657		33,361,262		-		-
Total Business-type Activities		39,641,595		39,094,942		11,695		448,761
Total Primary Government		54,516,714		40,474,933		248,826		456,135
Component units:								_
Greenwood Tourism Commission		487,393		_		_		_
Greenwood-Leflore Public Library System		554,148		13,706		107,604		_
Total Component Units	\$	1,041,541	Ś	13,706	\$	107,604	\$	
: - : -: - : · ·   - : · · · · · · · · · · · · · · · · · ·	<del>-</del>	1,0 11,071	<del>-</del>	13,700	<u> </u>	107,007	<u>~</u>	

#### General revenues:

Tayes:

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 and contributions not restricted to specific programs

Unrestricted investment income

Special item — gain (loss) on sale of capital assets

Transfers, net

Total General Revenues, Contributions, Special Item and Transfers

Changes in Net Position

Net Position - Beginning

Net Position - Ending

Primary government:   Governmental activities:   General government   \$ (1,692,357)   \$ (1,692,357)   Public safety   (7,408,844)   (7,408,844)   (7,408,844)   Public works   (2,419,059)   (2,419,		Net (E	osition		
Functions/Programs         Activities         Activities         Total         Component U           Primary government:         S         (1,692,357)         \$ (1,692,357)         \$ (1,692,357)           General government         \$ (1,692,357)         \$ (1,692,357)         \$ (1,692,357)           Public safety         (7,408,844)         (7,408,844)         \$ (1,031)           Public works         (2,419,059)         (2,419,059)         \$ (2,419,059)           Health and welfare         (1,031)         (1,031)         \$ (1,031)           Culture and recreation         (670,849)         (670,849)         \$ (570,849)           Economic development and assistance         (856,850)         (856,850)         \$ (597,589)           Interest and charges on long-term debt         395,956         335,956         \$ (597,589)         \$ (597,689)         \$ (597,689)         \$ (597,689)         \$ (597,689) </th <th></th> <th>F</th> <th>Primary Governmen</th> <th>t</th> <th></th>		F	Primary Governmen	t	
Primary government:   Governmental activities:   General government   \$ (1,692,357)   \$ (1,692,357)   Public safety   (7,408,844)   (7,408,844)   (7,408,844)   Public works   (2,419,059)   (2,419,059)   (2,419,059)   Health and welfare   (1,031)   (1,031	Functions/Programs			Total	Component Units
General government   \$ (1,692,357)   \$ (1,692,357)   Public safety   (7,408,844)   (7,408,844)   (7,408,844)   Public works   (2,419,059)   (2,419,059)   (2,419,059)   (1,031)   (1,078,607)   (1,078,6					· · · · · · · · · · · · · · · · · · ·
Public safety (7,408,844) (7,408,844) Public works (2,419,059) (2,419,059) Health and welfare (1,031) (1,031) Culture and recreation (670,849) (670,849) Economic development and assistance (856,850) Miscellaneous appropriations (597,589) (597,589) Interest and charges on long-term debt 395,956 Total Governmental Activities (13,250,623)  Business-type activities: Sewer (1,403,364) (1,403,364) Solid waste 155,908 155,908 Unemployment compensation (14,346) (14,346) Electric and water 1,175,605 1,175,605 Total Business-type Activities  Total Primary Government (13,250,623) (86,197) (33,336,820)  Component units:  Greenwood Tourism Commission Greenwood-Leffore Public Library System Total Component Units  5,002,871 - 5,002,871 905,370 - 905,370 248,701 - 248,701 5,976,737 - 5,976,737 551,4 5,976,737 - 5,976,737 551,4 208,780 - 208,780 4,8 32,597 89,181 121,778 2,5 44,975 25,106 70,081	Governmental activities:				
Public safety (7,408,844) (7,408,844) Public works (2,419,059) (2,419,059) Health and welfare (1,031) (1,031) Culture and recreation (670,849) (670,849) Economic development and assistance (856,850) Miscellaneous appropriations (597,589) (597,589) Interest and charges on long-term debt 395,956 Total Governmental Activities (13,250,623)  Business-type activities: Sewer (1,403,364) (1,403,364) Solid waste 155,908 155,908 Unemployment compensation (14,346) (14,346) Electric and water 1,175,605 1,175,605 Total Business-type Activities  Total Primary Government (13,250,623) (86,197) (33,336,820)  Component units:  Greenwood Tourism Commission Greenwood-Leffore Public Library System Total Component Units  5,002,871 - 5,002,871 905,370 - 905,370 248,701 - 248,701 5,976,737 - 5,976,737 551,4 5,976,737 - 5,976,737 551,4 208,780 - 208,780 4,8 32,597 89,181 121,778 2,5 44,975 25,106 70,081	General government	\$ (1,692,357)		\$ (1,692,357)	
Health and welfare	Public safety	(7,408,844)		(7,408,844)	
Culture and recreation         (670,849)         (670,849)           Economic development and assistance         (856,850)         (856,850)           Miscellaneous appropriations         (597,589)         (597,589)           Interest and charges on long-term debt         395,956         395,956           Total Governmental Activities         (13,250,623)         (13,250,623)           Business-type activities:         (1,403,364)         (1,403,364)           Solid waste         155,908         155,908           Unemployment compensation         (14,346)         (14,346)           Electric and water         1,175,605         1,175,605           Total Business-type Activities         (86,197)         (86,197)           Total Primary Government         (13,250,623)         (86,197)         (13,336,820)           Component units:           Greenwood Tourism Commission         (487,3         (487,3           Greenwood-Leflore Public Library System         (482,6         (48,7)           Total Component Units         5,002,871         -         5,002,871           905,370         248,701         -         248,701           5,976,737         5,976,737         551,4           1,078,607         89,181         121,778	Public works	(2,419,059)		(2,419,059)	
Economic development and assistance   (856,850)   (856,850)   (856,850)   (856,850)   (856,850)   (856,850)   (856,850)   (1597,589)   (597,589)   (597,589)   (597,589)   (13,250,623)   (13,250,623)   (13,250,623)   (13,250,623)   (13,250,623)   (13,250,623)   (13,250,623)   (13,250,623)   (13,250,623)   (13,250,623)   (13,250,623)   (13,250,623)   (13,250,623)   (14,346)   (14,34	Health and welfare	(1,031)		(1,031)	
Economic development and assistance   (856,850)   (856,850)   (597,589)   (14,346)	Culture and recreation			(670,849)	
Miscellaneous appropriations Interest and charges on long-term debt Total Governmental Activities         395,956 (13,250,623)         395,956 (13,250,623)           Business-type activities:         \$\$\$\$ (1,403,364) (	Economic development and assistance				
Interest and charges on long-term debt   395,956   (13,250,623)     Total Governmental Activities   (13,250,623)     Business-type activities:   Sewer	Miscellaneous appropriations				
Business-type activities   (13,250,623)   (13,250,623)					
Sewer         (1,403,364)         (1,403,364)         (1,403,364)         (1,403,364)         Sever (1,403,364)         (1,403,607)         (1,403,607)					
Solid waste   155,908   155,908   Unemployment compensation   (14,346)   (14,346)   (14,346)   (14,346)   (14,346)   (14,346)   (14,346)   (14,346)   (14,346)   (14,346)   (14,346)   (14,346)   (17,5605   1,175,605   1,175,605   (13,75605   1,175,605   (13,75605   1,175,605   (13,336,820)	Business-type activities:				
Unemployment compensation (14,346) (14,346) Electric and water 1,175,605 (1,1	Sewer		(1,403,364)	(1,403,364)	
Component units:   Greenwood Tourism Commission Greenwood-Leflore Public Library System Total Component Units   1,000,000	Solid waste		155,908	155,908	
Total Business-type Activities (86,197) (86,197)  Total Primary Government (13,250,623) (86,197) (13,336,820)  Component units:  Greenwood Tourism Commission Greenwood-Leflore Public Library System Total Component Units  5,002,871 - 5,002,871 905,370 - 905,370 248,701 - 248,701 5,976,737 - 5,976,737 551,4 5,976,737 - 5,976,737 551,4 5,976,737 - 5,976,737 551,4 6,208,780 - 208,780 4,8 6,208,780 - 208,780 4,8 6,208,780 - 208,780 4,8 6,208,780 - 208,780 4,8 6,208,780 - 208,780 4,8 6,208,780 - 208,780 4,8 6,208,780 - 208,780 7,081 1,078,607 (1,078,607) -	Unemployment compensation		(14,346)	(14,346)	
Total Primary Government (13,250,623) (86,197) (13,336,820)  Component units:  Greenwood Tourism Commission Greenwood-Leflore Public Library System Total Component Units  5,002,871 - 5,002,871 905,370 - 905,370 248,701 - 248,701 5,976,737 - 5,976,737 551,4 5,976,737 - 5,976,737 551,4 208,780 - 208,780 4,8 32,597 89,181 121,778 2,5 44,975 25,106 70,081 1,078,607 (1,078,607) -	Electric and water		1,175,605	1,175,605	
Component units:  Greenwood Tourism Commission Greenwood-Leflore Public Library System Total Component Units  5,002,871 - 5,002,871 905,370 - 905,370 248,701 - 248,701 5,976,737 - 5,976,737 551,4  388,6 208,780 - 208,780 32,597 89,181 121,778 44,975 25,106 70,081 1,078,607 (1,078,607)	Total Business-type Activities		(86,197)	(86,197)	
Greenwood Tourism Commission       (487,3         Greenwood-Leflore Public Library System       (432,8         Total Component Units       \$ (920,2         5,002,871       -       5,002,871         905,370       -       905,370         248,701       -       248,701         5,976,737       -       5,976,737       551,4         -       -       -       388,6         208,780       -       208,780       4,8         32,597       89,181       121,778       2,9         44,975       25,106       70,081         1,078,607       (1,078,607)       -       -	Total Primary Government	(13,250,623)	(86,197)	(13,336,820)	
Greenwood-Leflore Public Library System Total Component Units    5,002,871	Component units:				
Total Component Units  5,002,871 - 5,002,871 905,370 - 905,370 248,701 - 248,701 5,976,737 - 5,976,737 551,4 388,6 208,780 - 208,780 4,8 32,597 89,181 121,778 2,5 44,975 25,106 70,081 1,078,607 (1,078,607) -					(487,393)
5,002,871 - 5,002,871 905,370 - 905,370 248,701 - 248,701 5,976,737 - 5,976,737 551,4 388,6 208,780 - 208,780 4,8 32,597 89,181 121,778 2,5 44,975 25,106 70,081 1,078,607 (1,078,607) -					(432,838)
905,370 - 905,370 248,701 - 248,701 5,976,737 - 5,976,737 551,4 388,6 208,780 - 208,780 4,8 32,597 89,181 121,778 2,9 44,975 25,106 70,081 1,078,607 (1,078,607) -	Total Component Units				\$ (920,231)
905,370 - 905,370 248,701 - 248,701 5,976,737 - 5,976,737 551,4 388,6 208,780 - 208,780 4,8 32,597 89,181 121,778 2,9 44,975 25,106 70,081 1,078,607 (1,078,607) -		5 002 971		5 002 971	
248,701     -     248,701       5,976,737     -     5,976,737     551,4       -     -     -     388,6       208,780     -     208,780     4,8       32,597     89,181     121,778     2,9       44,975     25,106     70,081       1,078,607     (1,078,607)     -			-		-
5,976,737     -     5,976,737     551,4       -     -     -     388,6       208,780     -     208,780     4,8       32,597     89,181     121,778     2,9       44,975     25,106     70,081       1,078,607     (1,078,607)     -					
388,6 208,780 - 208,780 4,8 32,597 89,181 121,778 2,9 44,975 25,106 70,081 1,078,607 (1,078,607) -			_		551,434
208,780     -     208,780     4,8       32,597     89,181     121,778     2,5       44,975     25,106     70,081       1,078,607     (1,078,607)     -     -		3,370,737	_	3,370,737	388,665
32,597 89,181 121,778 2,5 44,975 25,106 70,081 1,078,607 (1,078,607) -		208 780	_	208 780	4,860
44,975 25,106 70,081 1,078,607 (1,078,607) -		,	89.181		2,984
				,	_
				12,534,318	948,671
<u> 248,015</u> <u> (1,050,517)</u> <u> (802,502)</u> <u> 28,4</u>		248,015	(1,050,517)	(802,502)	28,440
20,436,351 57,833,937 78,270,288 358,4		20,436,351	57,833,937	78,270,288	358,455

Balance Sheet – Governmental Funds September 30, 2022

	Ge	neral Fund	Go	Other overnmental Funds	Go	Total overnmental Funds
Assets						
Cash and cash equivalents	\$	1,515,343	\$	6,162,136	\$	7,677,479
Property tax receivable, net		4,642,229		956,410		5,598,639
Intergovernmental receivables		928,341		172,248		1,100,589
Other receivables		48,304		-		48,304
Due from other funds		391,533		301,518		693,051
Total Assets		7,525,750		7,592,312		15,118,062
Liabilities, Deferred Inflows of Resources and Fund Liabilities	Balance	es				
Accounts payable		460,539		255,122		715,661
Due to other funds		62,093		636,700		698,793
Other accrued expenses		104,441		-		104,441
Other payables		37,910		5,424		43,334
Total Liabilities		664,983		897,246		1,562,229
Deferred Inflows of Resources						
Unavailable revenue - property taxes		4,635,537		955,180		5,590,717
Unavailable revenue - recovery funds		-		3,333,906		3,333,906
Total Deferred Inflows of Resources	-	4,635,537	-	4,289,086		8,924,623
Fund Balances Restricted for: General government Public safety Public works		- - -		7,000 116,798 235,735		7,000 116,798 235,735
Health and welfare		-		571		571
Economic development and assistance		-		1,058,454		1,058,454
Debt service		_		815,343		815,343
Capital projects		-		27,454		27,454
Assigned to:						
Public safety		-		40,463		40,463
Public works		-		681		681
Culture and recreation		-		1,796		1,796
Economic development and assistance		-		37,999		37,999
Debt service		-		47,122		47,122
Other purposes		-		16,564		16,564
Unassigned		2,225,230				2,225,230
Total Fund Balances		2,225,230		2,405,980		4,631,210
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$	7,525,750	\$	7,592,312	\$	15,118,062

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position September 30, 2022

Net Changes in Fund Balances - Governmental Funds	\$ (281,426)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that capital outlays of \$489,455 was exceeded by depreciation of \$2,064,090 in the current period.	(1,611,239)
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the amount of the net (gain/ loss) of \$44,975 and the proceeds from the sale of \$60,166 in the current period.	(15,191)
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the reduces long-term liabilities in the Statement of Net Position. Thus, the change in Governmental Funds, but the repayment net position differs from the change in fund balances by the amount that debt proceeds of \$0 was exceeded by debt repayments of \$1,686,424.	1,686,424
Some expenditures reported in the governmental funds are not expenses of the current period and are reported as prepayments in the Statement of Activities.	20 627
Prepaid insurance not reflected in governmental funds	29,637
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net position differs from the change in fund balances by a combination of the following items:	
Change in accrued interest payable Change in compensated absences	26,813 52,820
Some items reported in the Statement of Activities relating to the implementation of GASB 68 are not reported in the governmental funds. These activities include pension expenditures and other activity related to the net pension liability.	68,805
An Internal Service Fund is used by management to charge the costs of insurance to individual funds. The net revenue (expense) is reported with governmental activities.	291,372
Change in Net Position of Governmental Activities	\$ 248,015

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds For the Year Ended September 30, 2022

	Ge	eneral Fund	Go	Other vernmental Funds	Gc	Total overnmental Funds
Revenues						
Property taxes	\$	5,002,871	\$	905,370	\$	5,908,241
General sales tax		5,240,323		-		5,240,323
Fines and forfeitures		150,910		7,600		158,510
Licenses and permits		351,994		-		351,994
Intergovernmental revenues		323,902		994,979		1,318,881
Charges for services		15,849		-		15,849
Interest income		11,633		20,195		31,828
Miscellaneous revenues		89,037		916,120		1,005,157
Total Revenues		11,186,519		2,844,264		14,030,783
Expenditures						
Current:						
General government		1,898,040		-		1,898,040
Public safety		7,466,736		121,844		7,588,580
Public works		1,523,759		625,398		2,149,157
Health and welfare		-		22,025		22,025
Culture and recreation		465,863		70,857		536,720
Miscellaneous appropriations		597,589		-		597,589
Economic development and assistance		-		94,956		94,956
Debt service:						
Principal		48,595		1,507,018		1,555,613
Lease principal payments		130,811		-		130,811
Interest		20,445		367,591		388,036
Capital outlay		398,090		91,365		489,455
Total Expenditures		12,549,928		2,901,054		15,450,982
Excess of Revenues over (under)						
Expenditures		(1,363,409)		(56,790)		(1,420,199)
Other Financing Sources (Uses)						
Proceeds from sale of capital assets		43,666		16,500		60,166
Transfers in		1,166,331		747,623		1,913,954
Transfers out		(191,933)		(643,414)		(835,347)
Total Other Financing Sources and Uses		1,018,064		120,709		1,138,773
Net Changes in Fund Balances		(345,345)		63,919		(281,426)
Fund Balances - Beginning		2,570,575		2,342,061		4,912,636
Fund Balances - Ending	\$	2,225,230	\$	2,405,980	\$	4,631,210

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2022

Total Fund Balance - Governmental Funds \$	\$ 4,631,210
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets are used in governmental activities and are not current financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$27,287,898.	48,608,936
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	46,873
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(14,726,008)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(19,697,820)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:	
Deferred outflows of resources related to pensions  Deferred inflows of resources related to pensions	1,672,848 (39,037)
Internal Service Funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities of the Statement of Net Position.	187,364
	\$ 20,684,366

Statement of Net Position – Proprietary Funds September 30, 2022

	Sewage Enterprise Fund	Greenwood Utilities Fund	Other Enterprise Funds	Total	Internal Service Fund
Assets					
Current assets:					
Cash and cash equivalents	\$ 553,758	\$ 13,136,534	\$ 255,528	\$ 13,945,820	\$ 240,704
Accounts receivable (net of allowance for					
uncollectibles of \$308,726)	-	5,424,885	-	5,424,885	-
Intergovernmental receivables	558,775	-	4,779	563,554	-
Other receivables	800	50,189	_	50,989	-
Due from other funds	792,990	106,222	469,142	1,368,354	-
Inventories	-	1,212,592	-	1,212,592	-
Prepaid expenses	25,970	107,896	17,849	151,715	-
Total Current Assets	1,932,293	20,038,318	747,298	22,717,909	240,704
Noncurrent assets:					
Restricted assets	442,436	8,797,753	-	9,240,189	=
Capital assets:					
Land and construction in progress	81,500	575,320	-	656,820	-
Other capital assets, net	46,939,004	33,906,070	747,963	81,593,037	-
Total Noncurrent Assets	47,462,940	43,279,143	747,963	91,490,046	-
Total Assets	49,395,233	63,317,461	1,495,261	114,207,955	240,704
Deferred Outflows of Resources					
Deferred outflows related to pensions	152,243	1,248,535	181,833	1,582,611	
Total Deferred Outflows of Resources	152,243	1,248,535	181,833	1,582,611	
Liabilities					
Current liabilities:					
Accounts payable and accrued expenses	456,467	3,063,057	63,124	3,582,648	12,716
Intergovernmental payables	-	3,310	-	3,310	-
Due to other funds	42,304	1,315,529	4,779	1,362,612	-
Other payables	-	80,702	-	80,702	-
Capital debt:					
State revolving loans payable	1,521,901	132,370	-	1,654,271	-
Non-capital debt:					
Accrued compensated absences	20,497	151,321	21,067	192,885	
Total Current Liabilities	2,041,169	4,746,289	88,970	6,876,428	12,716
Noncurrent liabilities:  Capital debt:					
State revolving loans payable	32,835,116	2,006,255	=	34,841,371	-
Non-capital debt:					
Accrued compensated absences	-	282,683	-	282,683	-
Liabilities payable from restricted assets	-	1,752,879	-	1,752,879	-
Net pension liability	1,592,524	10,711,933	1,902,048	14,206,505	-
Total Noncurrent Liabilities	34,427,640	14,753,750	1,902,048	51,083,438	-
Total Liabilities	36,468,809	19,500,039	1,991,018	57,959,866	12,716
Deferred Inflows of Resources					
Deferred inflows related to pensions	3,726	1,075,825	4,452	1,084,003	
Total Deferred Inflows of Resources	3,726	1,075,825	4,452	1,084,003	
Net Position					
Net investment in capital assets	12,663,486	32,342,766	747,963	45,754,215	-
Unrestricted	411,455	11,647,366	(1,066,339)	10,992,482	227,988
Total Net Position	\$ 13,074,941	\$ 43,990,132	\$ (318,376)	\$ 56,746,697	\$ 227,988

Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds For the Year Ended September 30, 2022

8,081 \$ 2,064,307 \$ 38,561,074 \$ 1,296,194 -
3,181         70,684         533,868         52,830           1,262         2,134,991         39,094,942         1,390,846           -         888,939         1,682,899         -           -         818,920         2,459,286         -           -         207,427         360,001         -           -         -         1,047,615           8,763         -         20,948,763         -           0,377         -         3,820,377         -           5,341         -         3,555,341         -           9,568         -         359,568         -           6,058         -         716,058         -           7,847         -         7,847         -           6,194         -         386,194         -           0,733         114,907         4,534,232         -           4,881         2,030,193         38,830,566         1,047,615
1,262     2,134,991     39,094,942     1,390,846       -     888,939     1,682,899     -       -     818,920     2,459,286     -       -     207,427     360,001     -       -     -     1,047,615       8,763     -     20,948,763     -       0,377     -     3,820,377     -       5,341     -     3,555,341     -       9,568     -     359,568     -       6,058     -     716,058     -       7,847     -     7,847     -       6,194     -     386,194     -       0,733     114,907     4,534,232     -       4,881     2,030,193     38,830,566     1,047,615
- 888,939 1,682,899 818,920 2,459,286 207,427 360,001 1,047,615  8,763 - 20,948,763 - 0,377 - 3,820,377 - 5,341 - 3,555,341 - 9,568 - 359,568 - 6,058 - 716,058 - 7,847 - 7,847 - 6,194 - 386,194 - 0,733 114,907 4,534,232 - 4,881 2,030,193 38,830,566 1,047,615
- 818,920 2,459,286 207,427 360,001 1,047,615  8,763 - 20,948,763 - 0,377 - 3,820,377 - 5,341 - 3,555,341 - 9,568 - 359,568 - 6,058 - 716,058 - 7,847 - 7,847 - 6,194 - 386,194 - 0,733 114,907 4,534,232 - 4,881 2,030,193 38,830,566 1,047,615
- 818,920 2,459,286 207,427 360,001 1,047,615  8,763 - 20,948,763 - 0,377 - 3,820,377 - 5,341 - 3,555,341 - 9,568 - 359,568 - 6,058 - 716,058 - 7,847 - 7,847 - 6,194 - 386,194 - 0,733 114,907 4,534,232 - 4,881 2,030,193 38,830,566 1,047,615
- 207,427 360,001 - 1,047,615  8,763 - 20,948,763 -  0,377 - 3,820,377 -  5,341 - 3,555,341 -  9,568 - 359,568 -  6,058 - 716,058 -  7,847 - 7,847 -  6,194 - 386,194 -  0,733 114,907 4,534,232 -  4,881 2,030,193 38,830,566 1,047,615
1,047,615 8,763
8,763       -       20,948,763       -         0,377       -       3,820,377       -         5,341       -       3,555,341       -         9,568       -       359,568       -         6,058       -       716,058       -         7,847       -       7,847       -         6,194       -       386,194       -         0,733       114,907       4,534,232       -         4,881       2,030,193       38,830,566       1,047,615
0,377       -       3,820,377       -         5,341       -       3,555,341       -         9,568       -       359,568       -         6,058       -       716,058       -         7,847       -       7,847       -         6,194       -       386,194       -         0,733       114,907       4,534,232       -         4,881       2,030,193       38,830,566       1,047,615
5,341       -       3,555,341       -         9,568       -       359,568       -         6,058       -       716,058       -         7,847       -       7,847       -         6,194       -       386,194       -         0,733       114,907       4,534,232       -         4,881       2,030,193       38,830,566       1,047,615
9,568       -       359,568       -         6,058       -       716,058       -         7,847       -       7,847       -         6,194       -       386,194       -         0,733       114,907       4,534,232       -         4,881       2,030,193       38,830,566       1,047,615
6,058       -       716,058       -         7,847       -       7,847       -         6,194       -       386,194       -         0,733       114,907       4,534,232       -         4,881       2,030,193       38,830,566       1,047,615
7,847       -       7,847       -         6,194       -       386,194       -         0,733       114,907       4,534,232       -         4,881       2,030,193       38,830,566       1,047,615
6,194     -     386,194     -       0,733     114,907     4,534,232     -       4,881     2,030,193     38,830,566     1,047,615
0,733         114,907         4,534,232         -           4,881         2,030,193         38,830,566         1,047,615
4,881 2,030,193 38,830,566 1,047,615
6,381 104,798 264,376 343,231
3,540 943 89,181 769
6,583 (1,477) 25,106 -
3,078) (1,086) (654,793) -
3,885 -
0,524) - (150,524) -
7,174) - (57,174) -
0,653) (1,620) (744,319) 769
5,728 103,178 (479,943) 344,000
- 11,695 460,456 -
- 2,106 929,150 -
5,651) - (2,007,757) -
9,923) 116,979 (1,098,094) 344,000
0,055 (435,355) 57,844,791 (116,012)
0,132 \$ (318,376) \$ 56,746,697 \$ 227,988

Statement of Cash Flows – Proprietary Funds For the Year Ended September 30, 2022

	Sewage Enterprise Fund	Greenwood Utilities Fund	Other Enterprise Funds	Total	Internal Service Fund
Cash Flows From Operating Activities					
Receipts from customers and users	\$ 4,044,583	\$ 28,354,149	\$ 2,023,284	\$ 34,422,016	\$ -
Receipts from Greenwood Public School District	_	756,544	_	756,544	-
Receipts from other agencies	_	2,253,117	-	2,253,117	-
Receipts from governmental funds	_	388,412	4,779	393,191	-
Receipts from internal services provided	42,304	-	· -	42,304	1,296,194
Receipts from governments	_	-	6,916	6,916	73,237
Receipts for sewer and solid waste collections	-	5,273,994	-	5,273,994	-
Receipts from other revenue	345	416,985	70,684	488,014	52,830
Payments for claims	-	-	(14,346)	(14,346)	(1,276,857)
Payments to suppliers for goods and services	(1,380,652)	(25,772,131)	(1,181,282)	(28,334,065)	-
Payments to employees	(768,695)	(3,196,266)	(850,763)	(4,815,724)	-
Payments for sewer and solid waste collections	-	(5,186,840)	-	(5,186,840)	-
Net Cash Provided by Operating Activities	1,937,885	3,287,964	59,272	5,285,121	145,404
Cash Flows From Noncapital Financing Activities Cash received from governmental funds: Operating transfers in Cash paid to governmental funds: Operating transfers out Net Cash Provided (Used) by Noncapital	927,044	(2,005,651)	2,106	929,150	- -
Financing Activities	924,938	(2,005,651)	2,106	(1,078,607)	
Cash Flows From Capital and Related Financing Activities Proceeds from sale of capital assets Acquisition and construction of capital assets Transfer of capital assets Principal paid on capital debt Interest paid on capital debt Net Cash Used by Capital and Related Financing	(104,065) 2,106 (1,493,857) (639,302)	43,788 (823,644) (129,816) (43,078)	(252,499) (2,106) (73,521) (1,086)	43,788 (1,180,208) - (1,697,194) (683,466)	- - - -
Activities	(2,235,118)	(952,750)	(329,212)	(3,517,080)	
Cash Flows From Investing Activities Interest on investments Purchase of temporary cash investments	4,698	80,357 (7,000,000)	943	85,998 (7,000,000)	769
Net Cash Provided (Used) by Investing Activities	4,698	(6,919,643)	943	(6,914,002)	769
Net Increase (Decrease) in Cash and Cash Equivalents	632,403	(6,590,080)	(266,891)	(6,224,568)	146,173
Cash and Cash Equivalents at Beginning of Year	363,791	21,521,184	522,419	22,407,394	94,531
Cash and Cash Equivalents at End of Year	\$ 996,194	\$ 14,931,104	\$ 255,528	\$ 16,182,826	\$ 240,704

Statement of Cash Flows – Proprietary Funds For the Year Ended September 30, 2022

	Sewage Enterprise Greenwood Fund Utilities Fund		Other Enterprise Funds	Total	Internal Service Fund	
Reconciliation of Operating Income (Loss) to Net						
Cash Provided (Used) by Operating Activities:						
Operating income (loss)	\$ (1,266,803)	\$ 1,426,381	\$ 104,798	\$ 264,376	\$ 343,231	
Adjustments to reconcile operating income (loss) to						
net cash provided (used) by operating activities:						
Depreciation expense	2,278,592	2,140,733	114,907	4,534,232	-	
Utility appropriations to Greenwood Public School						
District	-	(150,524)	-	(150,524)	-	
Utility appropriations to other agencies	-	(57,174)	-	(57,174)	-	
Changes in assets and liabilities:						
(Increase) decrease in accounts receivables, net	-	(892,268)	-	(892,268)	31,415	
(Increase) decrease in intergovernmental						
receivables	551,770	(824)	6,916	557,862	-	
(Increase) decrease in other receivables	342	(46,196)	-	(45,854)	-	
(Increase) decrease in due from other funds	(105,873)	(11,264)	(41,023)	(158,160)	-	
(Increase) decrease in inventories	-	(231,440)	-	(231,440)	-	
(Increase) decrease in prepaid expenses	(15,629)	(2,993)	(10,954)	(29,576)	-	
Increase (decrease) in accounts payable and						
accrued expenses	427,917	1,126,373	(143,981)	1,410,309	(229,244)	
Increase (decrease) in due to other funds	42,304	11,264	4,779	58,347	-	
Increase (decrease) in sales tax payable	-	11,287	-	11,287	-	
Increase (decrease) in other payables	-	4,674	-	4,674	-	
Increase (decrease) in accrued salaries	-	6,032	-	6,032	-	
Increase (decrease) in accrued compensated	798	19,988	(5,393)	15,393	-	
Increase (decrease) in customer deposits	-	(45,092)	-	(45,092)	-	
Increase (decrease) in sewer and solid waste						
collections	-	87,154	-	87,154	-	
Increase (decrease) in net pension liability	400,413	2,309,697	478,238	3,188,348	-	
Increase (decrease) in deferred outflows of						
resources - pensions	(4,031)	(256,121)	(4,814)	(264,966)	-	
Increase (decrease) in deferred inflows of						
resources - pensions	(371,915)	(2,161,723)	(444,201)	(2,977,839)	-	
Total Adjustments	3,204,688	1,861,583	(45,526)	5,020,745	(197,829)	
Net Cash Provided by Operating Activities	\$ 1,937,885	\$ 3,287,964	\$ 59,272	\$ 5,285,121	\$ 145,402	

#### Noncash Financing, Capital and Investing Activities

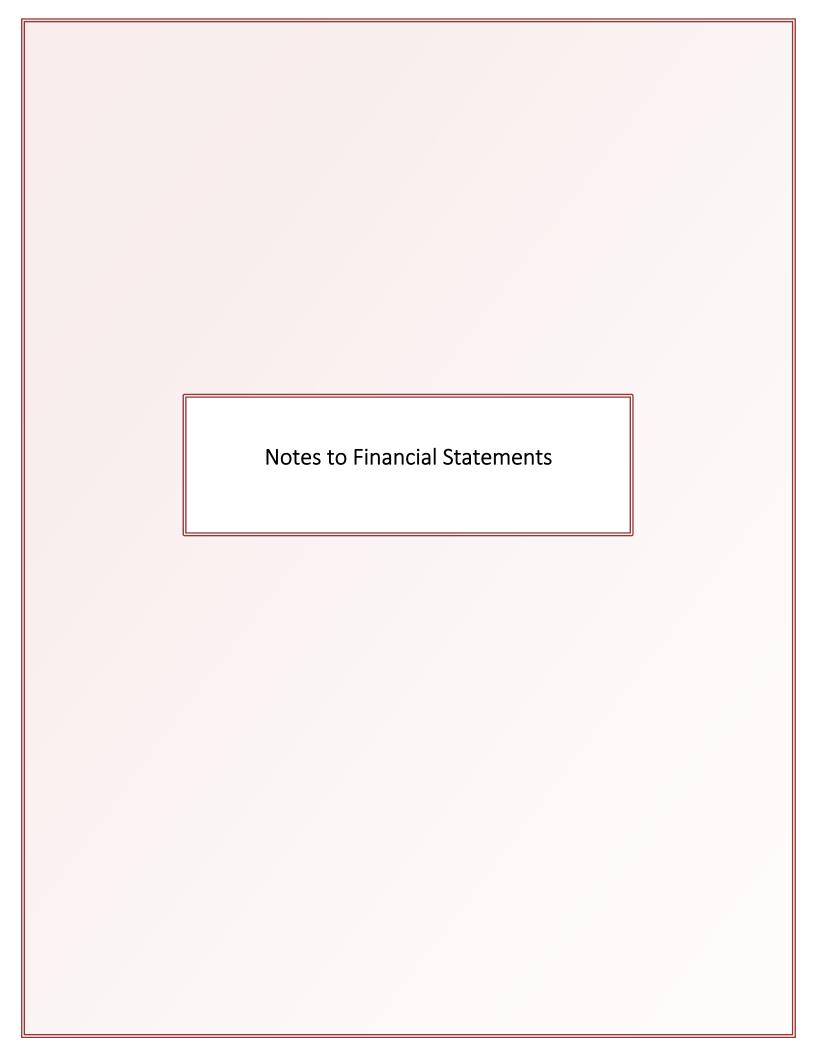
During the year, Greenwood Utilities Commission and the Sewage Enterprise Fund did not receive any noncash capital contributions from developers consisting of water and electric distribution and sewer distribution infrastructure.

### Reconciliation of Total Cash and Cash Investments

Current assets - cash and cash investments	\$ 553,758	\$ 6,133,351	\$ 255,528	\$ 6,942,637	\$ 240,704
Restricted assets - cash and cash investments	 442,436	8,797,753	-	9,240,189	 -
Total cash and cash investments	\$ 996,194	\$ 14,931,104	\$ 255,528	\$ 16,182,826	\$ 240,704

Statement of Fiduciary Net Position September 30, 2022

	Agen	cy Funds
Assets		
Cash and cash equivalents	\$	299,314
Receivables:		
Due from other funds		21,112
Property tax receivable		32,441
Total Assets		352,867
Liabilities		
Intergovernmental payables		24,835
Due to other funds		7,268
Accrued payroll taxes and benefits payable		284,726
Unavailable revenue - property taxes		32,441
Other liabilities		3,597
Total Liabilities	\$	352,867



Notes to Financial Statements September 30, 2022

### Note 1 – Summary of Significant Accounting Policies

#### A. Financial Reporting Entity

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 agriculturally based economy. The economic stability of the taxpayers and utility customers of the City is significantly affected by this environment.

State law pertaining to city government provides for the independent election of city officials. 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.

Accounting principles generally accepted in the United States of America (GAAP) require the City to present the financial statements on the primary government and its component units which have significant operational or financial relationships with the City. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements. The City has elected to apply all 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 GAAP 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 GASB Codification.

#### B. <u>Individual Component Unit Disclosures</u>

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 or burden on the City.
- There is fiscal dependency by the organization on the City.

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

### Blended Component Unit

Certain component units, although legally separate from the primary government, are nevertheless so intertwined with the primary government that they are, in substance, the same as the primary government. Therefore, these component units are reported as if they are part of the primary government. The following component unit's balances and transactions are blended with the balances and transactions of the primary government.

Notes to Financial Statements September 30, 2022

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

Greenwood Utilities Commission is presented as a proprietary fund type and operates on a September 30 fiscal year. Complete financial statements for Greenwood Utilities Commission may be obtained at its administrative office located at 101 Wright Place, Greenwood, Mississippi 38930. As discussed in Note 14, the electricity Greenwood Utilities Commission 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 Commission being dependent on MEAM for purchased power.

### Discretely Presented Component Units

The component units' columns in the financial statements include the financial data of the following component units of the City. They are reported in a separate column to emphasize that they are legally separate from the City.

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 3079, which extended the funding of the Greenwood Tourism Commission until September 30, 2025. The Mayor appoints seven of the thirteen members of the Greenwood Tourism Commission subject to City Council approval. The City Council approves the Greenwood Tourism Commission's budget. The Greenwood Tourism Commission is presented as a governmental fund type. Complete financial statements for the Greenwood Tourism Commission may be obtained at its administrative office located at 225 Howard Street, Greenwood, Mississippi 38930.

The Greenwood-Leflore Public Library System 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 Greenwood-Leflore Public Library System Board subject to City Council approval. The City Council makes annual appropriations along with county appropriations necessary to fund the Greenwood-Leflore Public Library System's operations. The Greenwood-Leflore Public Library System is presented as a governmental fund type. Complete financial statements for the Greenwood-Leflore Public Library System may be obtained at its administrative office located at 405 West Washington Street, Greenwood, Mississippi 38930.

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 School District, 401 Howard Street, Greenwood, Mississippi 38930.
- Greenwood-Leflore Airport, 502A Airport Road, Greenwood, Mississippi 38930.
- Greenwood Housing Authority, 111 East Washington Street, Greenwood, Mississippi 38930.

Notes to Financial Statements September 30, 2022

- Greenwood-Leflore Industrial Board, 402 Highway 82, Greenwood, Mississippi 38930.
- Greenwood-Leflore Hospital, 1401 River Road, Greenwood, Mississippi 38930.

#### C. Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, fund financial statements and accompanying note disclosures which provide a detailed level of financial information. 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 and administrative services are classified as governmental activities. The City's sewer and solid waste and electric and water utilities are classified as business-type activities.

#### Government-wide Financial Statements

The Statement of Net Position and Statement of Activities display information concerning the City as a whole. The statements include all nonfiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental revenues and other nonexchange revenues and are reported separately from business-type activities. Business-type activities rely mainly on fees and charges for support. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Net Position presents the financial condition of the governmental activities and business-type activities of the City at year-end. The Government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the County's governmental activities and business-type activities. Direct expenses are those that are specifically associated with a service, program or department and, therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other revenues not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business-type activity or governmental function is self-financing or draws from the general revenues of the City.

#### Fund Financial Statements

Fund financial statements of the City are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows, liabilities, deferred inflows, fund balances, revenues and expenditures/expenses. Funds are organized into governmental, proprietary and fiduciary agency, even though the latter are excluded from the government-wide financial statements. Major individual Governmental Funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column as Other Governmental Funds.

Notes to Financial Statements September 30, 2022

### D. Measurement Focus and Basis of Accounting

The Government-wide, Proprietary Funds and Fiduciary Fund financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Agency funds are used to report resources in a purely custodial capacity (assets equal liabilities). 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 recognized when earned, and expenses are recorded when the liability is incurred or economic asset used, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Shared revenues are recognized when the provider government recognizes the liability to the City. Grants are recognized as revenues as soon as all eligibility requirements have been satisfied.

The revenues and expenses of Proprietary Funds are classified as operating or nonoperating. Operating revenues and expenses generally result from providing services in connection with a Proprietary Fund's primary operations. All other revenues and expenses are reported as nonoperating.

Governmental financial statements are presented using a current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period when they are both measurable and available to finance operations during the year or to liquidate liabilities existing at the end of the year. Available means collected in the current period or within 60 days after year end to liquidate liabilities existing at the end of the year. Measurable means knowing or being able to reasonably estimate the amount. Expenditures are recognized in the accounting period when the related fund liabilities are incurred. Debt service expenditures and expenditures related to compensated absences and claims and judgments, are recognized only when payment is due. Property taxes, state appropriations and federal awards are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period.

The City reports the following major Governmental Fund:

General Fund – This fund is the City's primary operating fund and is used to account for and report financial resources not accounted for and reported in another fund.

The City reports the following major Proprietary Funds:

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

Greenwood Utilities Commission 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 Commission first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

As the Board of Commissioners has the authority to set rates, Greenwood Utilities Commission 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 GASB 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.

Notes to Financial Statements September 30, 2022

Additionally, the City reports the following fund types:

Internal Service Fund - This fund is used to account for those operations that provide services to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis. The City's internal service fund reports on self-insurance programs for employee medical and dental benefits.

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's 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 fund is to collect and remit to the related organizations various revenues.

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 financial statements.

#### E. Account Classifications

The account classifications used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing and Financial Reporting* as issued in 2012 by the Government Finance Officers Association.

#### F. Deposits and Investments

State law authorizes the City to invest in interest bearing time certificates of deposit for periods of fourteen days to one year with depositories and in obligations of the U.S. Treasury, State of Mississippi, or any county, municipality or school district of this state. Further, the City may invest in certain repurchase agreements.

Cash includes cash on hand, demand deposits, and all certificates of deposit and cash equivalents, which are short-term highly liquid investments that are readily convertible to cash (generally three months or less). Investments in governmental securities are stated at fair value. However, the City did not invest in any governmental securities during the fiscal year.

#### G. Receivables

Receivables are reported net of allowances for uncollectible accounts, where applicable. In the government-wide financial 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 collection earnings as their major receivables. See Note 4 for additional information.

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-

Notes to Financial Statements September 30, 2022

end and not yet received. Utility collection accounts receivable compose the majority of proprietary fund receivables. Receivables for Greenwood Utilities Commission are reported net of uncollectible amounts. All accounts receivables are due within 15 days. Greenwood Utilities Commission's 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 \$3,197,240 of total receivables at September 30, 2022.

### H. Interfund Transactions and Balances

Transactions between funds that are representative of short-term lending/borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as "due to/from other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. Any outstanding balances between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

## I. <u>Inventories and Prepaid Items</u>

The Greenwood Utilities Commission's 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.

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. Prepaid items, such as prepaid insurance, are not reported for Governmental Fund Types since the costs of such items are accounted for as expenditures in the period of acquisition.

### J. Restricted Assets

Proprietary Fund and component unit assets required to be held and/or used as specified in bond indentures, bond resolutions, trustee agreements, board resolutions and donor specifications have been reported as restricted assets. When both restricted and nonrestricted assets are available for use, the policy is to use restricted assets first.

The Sewage Enterprise Fund's 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 Fund debt.

Restricted assets for Greenwood Utilities Commission's 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 the Mississippi Department of Employment Security, to meet unemployment compensation claims relating to the period as a reimbursable employer.

Notes to Financial Statements September 30, 2022

- The "capital improvement reserve" account is used to report resources set aside to replace units of property that have exceeded their useful life and for capital improvements to the system to meet growth.
- The "rate stabilization reserve" account is used to report resources set aside to allow gradual increases in rates rather than sharp increases. A sharp increase may be caused by unforeseen higher purchased power cost or a rapid increase in fuel cost.
- The "disaster and emergency reserve" account is used to report resources set aside to provide emergency repairs or replacements of capital assets damaged or destroyed by catastrophic acts or other disasters.
- The "litigation contingent reserve" account is used to assist in the funding of all litigation.
- The "generation decommissioning reserve" account is available to be used for the decommissioning of the generation plant.
- The "generation decommissioning reserve" account is available to be used for the decommissioning of generation plants.

#### K. Capital Assets

Capital acquisition and construction are reflected as expenditures in Governmental Fund statements, and the related assets are reported as capital assets in the applicable governmental or business-type activities column in the government-wide financial statements. All purchased capital assets are stated at historical cost where records are available and at an estimated historical cost where no records exist. Capital assets include significant amounts of infrastructure, which have been valued at estimated historical cost. The estimated historical cost was based on replacement cost multiplied by the consumer price index implicit price deflator for the year of acquisition. The extent to which capital assets costs have been estimated and the methods of estimation are not readily available. Donated capital assets are recorded at estimated fair market value at the time of donation. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend their respective lives are not capitalized; however, improvements are capitalized. Interest expenditures are not capitalized on capital assets.

Capital assets acquired or constructed for Proprietary Fund operations are capitalized at cost in the respective funds in which they are utilized. Interest cost incurred during the construction of Proprietary Fund capital assets is capitalized as part of the cost of construction. Donated capital assets are recorded at their fair value at the time of donation.

Capitalization thresholds (dollar value above which asset acquisitions are added to the capital asset accounts) and estimated useful lives are used to report capital assets in the government-wide statements and Proprietary Funds. Depreciation is calculated on the straight-line basis for all assets, except land. A full year's depreciation expense is taken for all purchases and sales of capital assets during the year. The following schedule details those thresholds and estimated useful lives:

Notes to Financial Statements September 30, 2022

	Capitalization Thresholds	Estimated Service Life
Land	\$ -	N/A
Buildings	50,000	33.3 - 40 years
Generating/distribution systems	5,000	20 - 50 years
Electric and water distribution	5,000	33.3 years
Wells and storage tanks	5,000	33.3 years
Infrastructure	-	20 - 50 years
Improvements other than buildings	25,000	20 years
Heavy machinery and equipment	5,000	5 - 25 years
Other furniture and equipment	5,000	7 years
Mobile equipment	10,000	5 years
Computer equipment and peripherals	5,000	3 - 5 years

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

#### L. Long-lived Asset Impairment

The City and Greenwood Utilities Commission 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 year ended September 30, 2022.

#### M. Deferred Outflows/Inflows or Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

Deferred outflows related to pensions - This amount represents the City's proportionate share of the deferred outflows of resources reported by the pension plan in which the City participates. See Note 10 for additional details.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

Deferred revenues – property taxes/unavailable revenue – property taxes - Deferred inflows of resources should be reported when resources associated with imposed nonexchange revenue transactions are received or reported as a receivable before the period for which property taxes are levied.

Notes to Financial Statements September 30, 2022

Deferred revenues – recovery funds/unavailable revenue – recovery funds - When an asset is recorded in the governmental fund financial statements, but the revenue is not available, the government should report a deferred inflow of resources until such time as the revenue becomes available.

Deferred inflows related to pensions - This amount represents the City's proportionate share of the deferred inflows of resources reported by the pension plan in which the City participates. See Note 10 for additional details.

## N. Leases

The GASB issued Statement No. 87, Leases (GASB 87), to establish a single leasing model for accounting and reporting purposes. This guidance is intended to enhance the accountability, consistency and comparability of lease activities reported by governments. GASB 87 was implemented during fiscal year 2022.

The City uses the present value of the future minimum lease payments as of the date of their inception to calculate the present value of lease payments when the rate implicit in the lease is not known. See Note 8 for additional details.

## O. <u>Long-term Liabilities</u>

Long-term liabilities are the unmatured principal of bonds, loans, notes or other forms of noncurrent or long-term general obligation indebtedness. Long-term liabilities are not limited to liabilities from debt issuances but may also include liabilities on financed purchases and other commitments.

In the government-wide financial statements and in the Proprietary Fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or Proprietary Funds Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, Governmental Fund Types recognize bond premiums and discounts during the current period. The face amount of the debt issued is reported as other financing sources.

## P. Pensions

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 Public Employees' Retirement System of Mississippi (PERS) and the Disability and Relief – Mississippi Municipal Retirement Systems (MRS) and additions to/deductions from PERS' and MRS' 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.

#### Q. <u>Compensated Absences</u>

The City and Greenwood Utilities Commission 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 financial statements, the current portion is the amount estimated for use in the following year. In accordance with GAAP, for the governmental funds, in the fund 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

Notes to Financial Statements September 30, 2022

liability is liquidated by the following funds: General Fund, Special Revenue Fund, Sewage Enterprise Fund and Solid Waste Enterprise Fund.

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 Commission. 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, 2022, the City and Greenwood Utilities Commission 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, 2022. The liability for sick leave is computed using the specific identification method, whereby the actual number of sick leave hours accumulated by each employee, for all employees with 20 years or more service, is multiplied by the employee's hourly rate at September 30, 2022. 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.

#### R. Equity Classifications

Government-wide Financial Statements

Equity is classified as Net Position and displayed in three components:

Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings attributable to the acquisition, construction or improvement of those assets.

Restricted net position – Consists of net position with constraints placed on their use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or law through constitutional provisions or enabling legislation.

Unrestricted net position – All other net position not meeting the definition of "restricted" or "net investment in capital assets."

Net Position Flow Assumption

When an expense is incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) resources are available, it is the City's general policy to use restricted resources first. When

Notes to Financial Statements September 30, 2022

expenses are incurred for purposes for which unrestricted (committed, assigned, and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the City's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

#### Fund Financial Statements

Fund balance for governmental funds is reported in classifications that comprise of a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purpose for which amounts in the funds can be spent.

Governmental fund balance is classified as nonspendable, restricted, committed, assigned or unassigned. The following are descriptions of fund classifications used by the City:

Nonspendable fund balance includes amounts that cannot be spent. This includes amounts that are either not in a spendable form (inventories, prepaid amounts, long-term portion of loans/notes receivable, or property held for resale unless the proceeds from the collection of those receivables or from the sale of those properties are restricted, committed or assigned) or amounts that are legally or contractually required to be maintained intact, such as a principal balance of a permanent fund.

Restricted fund balance includes amounts that have constraints placed upon the use of the resources by an external party or imposed by law through either a constitutional provision or enabling legislation.

Committed fund balance includes amounts that can be used only for specific purposes pursuant to constraints imposed by a formal action of the Board of Supervisors, the County's highest level of decision-making authority. This formal action is an order of the Board of Supervisors as approved in the board minutes.

Assigned fund balance includes amounts that are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed. For governmental funds, other than the General Fund, this is the residual amount within the fund that is not classified as nonspendable and is neither restricted nor committed. The City has not adopted a fund balance policy as of September 30, 2022.

Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

#### Fund Balance Flow Assumption

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) resources are available, it is the City's general policy to use restricted resources first. When expenditures are incurred for purposes for which unrestricted (committed, assigned and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the City's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

Notes to Financial Statements September 30, 2022

## S. <u>Revenues</u>

#### *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.

## Intergovernmental Revenues

Intergovernmental revenues, consisting of grants, entitlements and shared revenues, are usually recorded in Governmental Funds when measurable and available. However, the "available" criterion applies for certain federal grants and shared revenues when the expenditure is made because expenditure is the prime factor for determining eligibility. Similarly, if cost sharing or matching requirements exist, revenue recognition depends on compliance with these requirements.

## Property Tax and Sales Tax Revenue

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 4 for further information.

Tax millage levies for 2022 were collected in the current fiscal year, and statutory maximum millage rates were as follows:

	Levy (in mills)	Purpose	Maximum	
General Fund	42.39	General	None	
Debt Service Fund	8.59	Debt Retirement	None	
Disability and Relief Fund	3.28	Retirement	None	
Total	54.26			

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.

Sales tax revenue is collected from a state levied 7% tax on retail sales and remits these collections to the City monthly. Intergovernmental revenue of the General Fund includes \$5,240,323 of sales tax revenue.

### 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.

Notes to Financial Statements September 30, 2022

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.

## T. 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 Funds – as operating or nonoperating

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

### U. <u>Use of Estimates</u>

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows 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.

## V. Taxes Collected from Customers and Remitted to Governmental Authorities

Taxes collected from customers and remitted to governmental authorities by Greenwood Utilities Commission are presented in the accompanying Statement of Revenues, Expenses and Changes in Fund Net Position on a net basis.

#### W. Changes in Accounting Standards

GASB 87, Leases, was implemented during fiscal year 2022. 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. It established a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This guidance is intended to enhance the accountability, consistency and comparability of lease activities reported by governments.

Notes to Financial Statements September 30, 2022

# Note 2 – Deposits and Investments

#### A. <u>Deposits</u>

The carrying amount of the City's total deposits with financial institutions at September 30, 2022, was \$9,636,530, and the bank balance was \$10,129,358. 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 of 1972 Annotated*. 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 Deposit Insurance Corporation (FDIC).

At year end, the carrying amount of Greenwood Utilities Commission's deposits was \$14,931,104, and the bank balances totaled \$14,962,454. Of the bank balances, \$500,000 was insured by the FDIC, and \$14,462,454 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 Commission. Temporary cash investments of \$7,000,000 were held with the Bank of Commerce with interest rates ranging from 0.60% - 1.88%.

At year-end, the carrying amounts of the Greenwood Tourism Commission's and Greenwood-Leflore Public Library System's deposits were \$827,216 and \$87,346, respectively, and the bank balances totaled \$847,157 and \$99,438 (including certificates of deposits), respectively. Of the bank balances, \$341,524 and \$99,438 were insured by the FDIC for the Tourism and Library, respectively, and \$505,634 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. The Library's cash on hand, not included in the deposits above, totaled \$500 as of September 30, 2022.

### B. Investments

The City and its component units have no investments other than certificates of deposit for the current fiscal year but are 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.

Notes to Financial Statements September 30, 2022

# Note 3 – Interfund Transactions and Balances

## A. <u>Due From/To Other Funds</u>

The following is a summary of individual fund interfund receivable and payable balances at September 30, 2022:

	nterfund ceivables	Interfund Payables		
General Fund	\$ 391,533	\$	62,093	
Nonmajor governmental funds:				
American Recovery and Reinvestment Grant	301,518		-	
Industrial Properties Fund	-		1,825	
Traffic Safety Project	-		6,692	
MS Infrastructure Modernization Act Fund	-		301,518	
Blight Elimination Program Phase I	-		18,224	
Blight Elimination Program Phase II	-		1,474	
2016 Home Project	-		47,394	
Surface Transportation Project	-		139,573	
General Obligation Bond and Interest Fund	 		120,000	
Total Governmental Funds	693,051		698,793	
Sewage Enterprise Fund	792,990		42,304	
Greenwood Utilities Commission Fund	106,222		1,315,529	
Nonmajor proprietary funds:				
Solid Waste Enterprise Fund	 469,142		4,779	
Total Proprietary Funds	 1,368,354		1,362,612	
Total Interfund Receivables/Payables	\$ 2,061,405	\$	2,061,405	

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

The Greenwood Utilities Commission Fund 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 Commission 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.

Notes to Financial Statements September 30, 2022

# B. <u>Interfund Transfers</u>

The following is a summary of transfers in and transfers out balances as of September 30, 2022:

		Transfers In	T	ransfers Out
General Fund	\$	1,166,331	\$	(191,933)
Nonmajor governmental funds:				
Community Center Fund		3,385		-
Cemetery Project		8,975		-
Youth Summer Fun Rec Program		47,416		-
Industrial Properties Fund		65,869		-
Downtown Farmers Market		4,965		-
Urban Youth Corp Project		26,186		-
Blight Elimination Program Phase II		3,134		-
Certified Local Government Grant - Gritney Pha	35	20,000		-
Fulton Streetscape Project		63,629		
Drug Court Grant		31,273		-
Veterans Treatment Court Grant		2,791		-
General Obligation Bond and Interest Fund		470,000		-
Bike Patrol Fund		-		(322)
Infrastructure Modernization Act Fund		-		(301,518)
Blight Elimination Program Phase I		-		(7,945)
Public Improvement Bond Fund				(63,629)
General Obligation MBIA Refunding Bond Fund	<u> </u>	-		(270,000)
Total Governmental Funds		1,913,954		(835,347)
Sewage Enterprise Fund		927,044		(2,106)
Greenwood Utilities Commission Fund		-		(2,005,651)
Solid Waste Enterprise Fund		2,106		-
Total Proprietary Funds		929,150	_	(2,007,757)
Total Transfers in/Transfers out	\$	2,843,104	\$	(2,843,104)

Notes to Financial Statements September 30, 2022

Interfund transfers at September 30, 2022, consisted of the following:

3,385 From General Fund to Community Center Fund to subsidize operations 8,975 From General Fund to Cemetery Fund to subsidize operations 47,416 From General Fund to Youth Summer Fun Program Fund to subsidize operations 4,965 From General Fund to Downtown Farmers Market Fund to subsidize operations 26,186 From General Fund to Urban Youth Corp Project to subsidize operations 3,134 From General Fund to Blight Elimination Program Phase II to subsidize operations 20,000 From General Fund to CLG-Gritney Phase II Fund for match funds 31,273 From General Fund to Drug Court Grant Fund to subsidize operations 2,791 From General Fund to Veterans Treatment Court Grant to subsidize operations 322 From Bike Patrol Fund to General Fund for interfund loan repayment 301,518 From MS Infrastructure Fund to Sewage Enterprise to fund to subsidize operations 7,945 From Blight Elimination Program Phase I to General Fund for interfund loan repayment 270,000 From G.O. MBIA Refunding Bond Fund to G.O. Bond and Interest Fund to subsidize operations 63,629 From Public Improvement Bond Fund to Fulton Streetcape Project fund to subsidize operations 2,106 From Sewage Enterprise Fund to Solid Waste Enterprise Fund to subsidize operations 43,808 From General Fund to Industrial Properties Fund to subsidize operations 200,000 From Greenwood Utilities Commission Fund to G.O. Bond and Interest Fund to subsidize operations 83,000 From Greenwood Utilities Commission Fund to the to the Sewer Revenue Bond Fund for appropriations 720,000 From Greenwood Utilities Commission Fund to General Fund to subsidize operations From Greenwood Utilities Commission Fund to the General Fund (\$438,064), Industrial 1,002,651\_Properties Fund (\$22,061), and Sewer Revenue Bonds Fund (\$542,526) for in-kind and free \$2,843,104

The principal purpose of interfund transfers was to provide funds for grant matches or to provide funds to pay for capital outlay. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

Notes to Financial Statements September 30, 2022

# Note 4 – Receivables and Deferred Inflows of Resources

## A. Receivables

Receivables at September 30, 2022, for the primary government's individual major funds and nonmajor and internal service funds in the aggregate (including its blended component unit, Greenwood Utilities Commission) are as follows:

Covernmental Funds	G	eneral Fund	Other	Governmental Funds	Total	Governmental Funds	
<u>Governmental Funds</u>		eneral Fund		rulius		ruiius	
Intergovernmental receivables	\$	928,341	\$	172,248	\$	1,100,589	
Property tax receivable		4,718,328		972,755		5,691,083	
Other receivables	_	48,304				48,304	
Gross receivables		5,694,973		1,145,003		6,839,976	
Less: allowance for uncollectibles		76,099		16,345		92,444	
Total Governmental Funds	\$	5,618,874	\$	1,128,658	\$	6,747,532	
		Sewage	Greer	nwood Utilities	Oth	er Enterprise	
<u>Proprietary Funds</u>	Ent	Sewage erprise Fund		nwood Utilities Imission Fund	Oth	er Enterprise Funds	Total
Proprietary Funds Accounts receivable	Ent \$	•			Oth \$	·	\$ Total 5,733,611
		•	Com	mission Fund		·	\$ 
Accounts receivable		erprise Fund	Com	mission Fund		Funds -	\$ 5,733,611
Accounts receivable Intergovernmental receivables		erprise Fund - 558,775	Com	5,733,611 -		Funds -	\$ 5,733,611 563,554
Accounts receivable Intergovernmental receivables Other receivables		erprise Fund - 558,775 800	Com	5,733,611 - 50,189		Funds - 4,779 -	\$ 5,733,611 563,554 50,989

## B. <u>Intergovernmental Receivables</u>

Intergovernmental receivables at September 30, 2022, consisted of the following:

Description	Amount		
Governmental Activities:			
Sales tax	\$	902,412	
Liquor tax		7,425	
Grant funds		167,640	
Greenwood-Leflore Industrial Board		17,306	
Other		5,806	
Total Governmental Activities	\$	1,100,589	
Business-type Activities:			
Grant funds	\$	563,554	
Total Business-type Activities	\$	563,554	

Notes to Financial Statements September 30, 2022

### C. <u>Property Tax Receivable</u>

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 real, personal, public utilities and auto ad valorem taxes for the City. 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 tax receivable (exclusive of agency funds)	\$ 5,691,083
Less: allowance for uncollectibles	(92,444)
Total property tax receivable, net	\$ 5,598,639

## D. Deferred Inflows of Resources

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:

		Unearned
Current year tax assessments - governmental funds (exclusive of		
agency funds)	\$	5,590,717
Current year funds from the American Recovery and Reinvestment		
Act - governmental funds (exclusive of agency funds)	_	3,333,906
	\$	8,924,623

#### Note 5 – Restricted Assets

The balances of the restricted asset accounts in the enterprise funds at September 30, 2022, are as follows:

Cash and cash equivalents	\$ 2,237,006
Temporary cash investments	7,000,000
Interest receivable	 3,183
Total restricted assets	\$ 9,240,189

Notes to Financial Statements September 30, 2022

# Note 6 – Capital Assets

The following is a summary of capital assets activity for the year ended September 30, 2022:

Governmental activities:	Balance 10/1/2021	Additions	Deletions/ Transfers	Balance 9/30/2022
Non-depreciable capital assets:				
Land	\$ 3,382,646	\$ -	\$ -	\$ 3,382,646
Construction in progress	1,195,206	63,629		1,258,835
Total non-depreciable capital assets	4,577,852	63,629		4,641,481
Depreciable capital assets:				
Infrastructure	26,651,242	-	-	26,651,242
Buildings and improvements	36,986,813	-	-	36,986,813
Mobile equipment	5,730,407	354,705	(151,930)	5,933,182
Furniture and equipment	1,612,995	71,121		1,684,116
Total depreciable capital assets	70,981,457	425,826	(151,930)	71,255,353
Less accumulated depreciation for:				
Infrastructure	(12,887,502)	(544,400)	-	(13,431,902)
Buildings and improvements	(7,296,706)	(1,211,850)	-	(8,508,556)
Mobile equipment	(3,996,331)	(223,845)	136,739	(4,083,437)
Furniture and equipment	(1,143,404)	(120,599)		(1,264,003)
Total accumulated depreciation	(25,323,943)	(2,100,694)	136,739	(27,287,898)
Total depreciable capital assets, net	45,657,514	(1,674,868)	(15,191)	43,967,455
Governmental activities capital assets, net	\$50,235,366	\$ (1,611,239)	\$ (15,191)	\$ 48,608,936

Depreciation expense was charged to the following functions:

	/	Amount
Governmental activities:		
General government	\$	5,992
Public safety Public safety		447,552
Public works		594,934
Culture and recreation		167,816
Economic development and assistance		884,400
Total governmental activities depreciation expense	\$ 2	2,100,694

Notes to Financial Statements September 30, 2022

Business-type activities:	Balance 10/1/2021			Balance 9/30/2022
Non-depreciable capital assets:				
Land	\$ 601,020	\$ -	\$ -	\$ 601,020
Construction in progress	885,418	55,800	(885,418)	55,800
Total non-depreciable capital assets	1,486,438	55,800	(885,418)	656,820
Depreciable capital assets:				
Infrastructure	67,621,769	-	-	67,621,769
Mobile equipment	3,230,411	252,500	(14,776)	3,468,135
Furniture and equipment	648,640	104,065	-	752,705
Electric and water production plant	5,433,995	493	(1,666)	5,432,822
Electric and water distribution plant	55,865,463	1,578,917	-	57,444,380
Electric and water general plant	7,403,411	73,852	(311,485)	7,165,778
Total depreciable capital assets	140,203,689	2,009,827	(327,927)	141,885,589
Less accumulated depreciation for:				
Infrastructure	(18,678,074)	(2,214,020)	-	(20,892,094)
Mobile equipment	(2,546,018)	(136,745)	13,299	(2,669,464)
Furniture and equipment	(551,350)	(42,734)	-	(594,084)
Electric and water production plant	(1,169,947)	(190,051)	-	(1,359,998)
Electric and water distribution plant	(27,469,218)	(1,626,470)	-	(29,095,688)
Electric and water general plant	(5,651,296)	(324,212)	294,284	(5,681,224)
Total accumulated depreciation	(56,065,903)	(4,534,232)	307,583	(60,292,552)
Total depreciable capital assets, net	84,137,786	(2,524,405)	(20,344)	81,593,037
Business-type activities capital assets, net	\$85,624,224	\$ (2,468,605)	\$ (905,762)	\$ 82,249,857

Depreciation expense was charged to the following functions:

# Business-type activities:

Sewer	\$ 2,278,592
Electric and water	2,140,733
Solid waste	114,907
Total business-type activities depreciation expense	\$ 4,534,232

Notes to Financial Statements September 30, 2022

Component units:	Balance 10/1/2021	Additions	Deletions/ Transfers	Balance 9/30/2022
Depreciable capital assets:				
Buildings and improvements	\$ 213,025	\$ 8,396	\$ -	\$ 221,421
Mobile equipment	22,122	-	-	22,122
Furniture and equipment	325,325	35,792	(33,739)	327,378
Books and materials	1,057,959	38,669		1,096,628
Total depreciable capital assets	1,618,431	82,857	(33,739)	1,667,549
Less accumulated depreciation for:				
Buildings and improvements	(167,093)	(10,892)	-	(177,985)
Mobile equipment	(22,122)	-	-	(22,122)
Furniture and equipment	(312,209)	(13,120)	33,739	(291,590)
Books and materials	(934,778)	(39,510)		(974,288)
Total accumulated depreciation	(1,436,202)	(63,522)	33,739	(1,465,985)
Total depreciable capital assets, net	182,229	19,335		201,564
Component units capital assets, net	\$ 182,229	\$ 19,335	\$ -	\$ 201,564

Depreciation expense was charged to the following functions:

# Component units:

Greenwood Tourism Commission	\$ 1,836
Greenwood-Leflore Public Library System	61,686
Total component units depreciation expense	\$ 63,522

Greenwood Utilities Commission allocates depreciation for vehicles used in the construction of plant assets to the underlying construction project. The amount of depreciation allocated was \$4,680 for the year ended September 30, 2022. Construction in progress is composed of various open work orders.

The details of construction in progress are as follows:

			Remaining
	Sper	nt to Date	Commitment
Governmental activities:			
Fulton Streetscape Project - various open work orders	\$ 1	1,258,835	\$ Unknown
Business-type activities:			
Greenwood Utilities Commission - various open work			
orders	\$	55,800	\$ Unknown

Notes to Financial Statements September 30, 2022

# Note 7 – Claims and Judgements

## A. Risk Financing

## 1. Workers' Compensation Benefits

The City finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The City pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2022, to January 1, 2023. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

## 2. Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of the failure of a financial institution, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City does not have a formal policy for custodial credit risk. 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 FDIC. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the City.

## 3. 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 2.00% of the first \$6,000 paid to each employee during the preceding year. As of September 30, 2022, the required amounts were funded. Claims totaled \$14,346 during fiscal year 2022 for the City. Greenwood Utilities Commission paid \$0 for unemployment claims.

## 4. Group Employee Benefits

The City maintains the Employees' Group Benefit Fund (Internal Service Fund) to account for the accumulation of revenues, principally, contributions from the City 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 \$1,391,615, and employee benefit costs and administrative expenses were \$1,047,615 during fiscal year 2022. Claims incurred but not reported at September 30, 2022, in the Employees' Group Benefit Fund are provided for in claims payable and totaled \$12,716. Greenwood Utilities Commission terminated its risk management fund on October 1, 2019, and a commercial insurance company began providing employee medical insurance coverage.

## 5. Reconciliation of Changes in Liabilities for Claims

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

Notes to Financial Statements September 30, 2022

	Unemployment Compensation Revolving Fund			Employee Benefit Trust Fund		
Ending balance, October 1, 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		54,269		(116,012)		
Current year contributions		-		1,338,016		
Interest earnings		253		769		
Miscellaneous		-		52,830		
Claims payments and administration		(14,346)		(1,047,615)		
Ending balance, September 30, 2022	\$	40,176	\$	227,988		

### 6. 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 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, or (3) self-insure with the establishment of a self-insurance reserve fund.

The City, Greenwood Utilities Commission, Greenwood Tourism Commission and Greenwood-Leflore Public Library System 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. MMLP 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.

## 7. Real and Personal Property

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

Notes to Financial Statements September 30, 2022

### 8. Post-Employment Health Care and Life Insurance Benefits

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

#### Note 8 – Leases

The City is a lessee for a non-cancellable lease of a fire truck. For leases that have a maximum possible term of 12 months or less at commencement, the City recognizes expense based on the provisions of the lease contract. At lease commencement, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, less lease payments made at or before the lease commencement date, plus any initial direct costs ancillary to placing the underlying asset into service, less any lease incentives received at or before the lease commencement date. Subsequently, the lease asset is amortized in depreciation expense on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

The City uses the rate the lessor charges as the discount rate for leases. The lease term includes the non-cancellable period of the lease plus any additional periods covered by either a city or lessor option to extend for which it is reasonably certain to be exercised or terminate for which it is reasonably certain to not be exercised. Periods in which both the City and the lessor have a unilateral option to terminate (or if both parties have agreed to extend) are excluded from the lease term.

## A. Leased Asset

F-One Aerial Fire Truck	Bala 10/1/	2021	Additi	ons .	Dep	oreciation (20, 004)		Balance /30/2022	i	
E-Offe Aeriai Fire Truck	\$ 43	2,061	\$		\$	(36,604)	<u> </u>	395,457	:	
B. <u>Lease Liabilities</u>										
		Balance 0/1/2021	Ado	ditions	Re	eductions		Balance '30/2022		e Within ne Year
Governmental Activity:										
Capital leases	\$	585,238	3 \$	_	\$	130,811	\$	454,427	\$	58,983
Business-type Activity: Capital lease	\$	73,521	1 \$	-	\$	73,521	\$		\$	_

On July 19, 2018, the City entered into a lease-purchase agreement with Trustmark National Bank for the lease of an E-One Aerial Fire Truck. The lease stipulated that the lessee would pay 10 annual installments of \$73,434 maturing October 1, 2029, with interest at 3.18%. The lease has been recorded at the present value of the future minimum lease payment as of the date of inception.

On January 17, 2012, the City entered into a lease-purchase agreement with Trustmark National Bank for the lease of an E-One 75' Aerial Fire Truck. The lease stipulated that the lessee would pay 10 annual installments of \$75,575 maturing January 12, 2023, with interest at 2.67%. The lease was paid in full during the fiscal year.

Notes to Financial Statements September 30, 2022

On April 10, 2020, the City entered into a lease-purchase agreement with Trustmark National Bank for the lease of a Mack Terrapro Caboer Garbage Truck. The lease stipulated that the lessee would pay 2 annual installments of \$74,607 maturing April 10, 2023, with interest at 1.83%. The lease was paid in full during the fiscal year. The leased asset and related balances are included in mobile equipment in the capital asset note above.

The following is a schedule by years of the total payments due as of September 30, 2022:

	Governmental Activities						
Year Ending September 30:		Principal	Interest				
2023	\$	\$ 58,983		14,451			
2024		60,859		12,575			
2025		62,794		10,640			
2026		64,791		8,643			
2027		66,852		6,582			
2028 - 2029		140,148		6,720			
Totals	\$	454,427	\$	59,611			

# Note 9 – Long-term Debt

Debt outstanding as of September 30, 2022, consisted of the following:

Description and Durness	Amount Outstanding		
Description and Purpose  Governmental Activities:  A. General Obligation Bonds:	 itstallullig		
\$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%.	\$ 758,000		
\$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 2.50% to 3.25%.	2,205,000		
\$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%.	5,595,000		
\$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%.	 180,000		
Total General Obligation Bonds	\$ 8,738,000		

Notes to Financial Statements September 30, 2022

Description and Purpose	0	Amount utstanding
B. Notes Payable:		
\$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 3.00% annual interest to be computed daily.	\$	4,282,569
\$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%; secured by the equipment and payable from the General Fund.		49,809
Total Notes Payable	\$	4,332,378
C. Taxable Urban Renewal Bond, Series 2016:		· · ·
\$2,000,000 Taxable Urban Renewal Revenue Bond, Series 2016, 0% interest, monthly installments of \$18,519 beginning September 29, 2017, through August 31, 2026.	\$	870,371
Business-type Activities:  A. Notes Payable:		
\$563,560 Mississippi Development Authority Capital Improvements Revolving Loan due in monthly installments of \$2,857 for 240 months at 2.00% annual interest to be computed daily. Payments to begin June 1, 2016, and payable from the Sewage Enterprise Fund.	\$	406,881
B. State Revolving Loans:		
\$7,879,072 Sewer Rehab Revolving loan due in monthly installments of \$40,549 beginning July 1, 2008, through January 1, 2028; interest at 2.00%.	\$	2,459,578
\$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 1.80%.		31,490,559
\$3,159,182 Drinking Water Systems Improvement Revolving loan, 20 year loan; interest at 1.95%; repayment of principal and interest to begin in April 2017.		2,138,624
Total State Revolving Loans	\$	36,088,761

Annual debt service requirements to maturity for the following debt reported in the Statement of Net Position are as follows:

Notes to Financial Statements September 30, 2022

# **Governmental Activities:**

	General Obligation Bonds					Лето Only)
Year Ending September 30:		Principal		Interest		Total
2023	\$	811,000	\$	209,372	\$	1,020,372
2024		776,000		191,863		967,863
2025		794,000		173,709		967,709
2026		550,000		155,135		705,135
2027		564,000		141,922		705,922
2028 - 2032		3,071,000		490,812		3,561,812
2033 - 2035		1,992,000		98,531		2,090,531
Totals	\$	8,558,000	\$	1,461,344	\$	10,019,344
		General Obl	igation	Rond	/ N	Лето Only)
Year Ending September 30:		Principal	igation	Interest		Total
2023	Ċ	180,000	\$	-	Ċ	180,000
Totals	\$ \$	180,000	\$		\$ \$	180,000
Totals	Ţ	180,000	Ţ		Ų	180,000
		Note F	ayable		(N	Лето Only)
Year Ending September 30:		Principal		Interest		Total
2023	\$	192,447	\$	125,875	\$	318,322
2024		198,332		119,991		318,323
2025		204,365		113,958		318,323
2026		210,581		104,742		315,323
2027		216,986		101,337		318,323
2028 - 2032		1,188,032		403,583		1,591,615
2033 - 2037		1,380,039		211,574		1,591,613
2038 - 2040		691,787		24,474		716,261
Totals	\$	4,282,569	\$	1,205,534	\$	5,488,103
		N. I. F			//	4 0 1 )
Voor Ending Contombor 20.			ayable	Interest	(I\	/lemo Only)
Year Ending September 30:	<u> </u>	Principal	\$	Interest	\$	Total
2023 Totals	<u>\$</u>	49,809 49,809	<u>\$</u>	1,032 1,032	<u>ې</u> د	50,841 50,841
Totals	٠	49,809	٦	1,032	<u>ې                                      </u>	30,841
	Tax	xable Urban Ren	ewal Re	evenue Bond	(N	Лето Only)
Year Ending September 30:		Principal		Interest		Total
2023	\$	222,222	\$	-	\$	222,222
2024		222,222		-		222,222
2025		222,222		-		222,222
2026		203,705				203,705
Totals	\$	870,371	\$	-	\$	870,371

Notes to Financial Statements September 30, 2022

# **Business-type Activities:**

Business-type Activities:						
		Note P	ayable	(1)	Memo Only)	
Year Ending September 30:		Principal		Interest		Total
2023	\$	26,275	\$	7,936	\$	34,211
2024		26,806		7,406		34,212
2025		27,347		6,865		34,212
2026		27,899		6,313		34,212
2027		28,462		5,750		34,212
2028 - 2032		151,161		19,897		171,058
2033 - 2036		118,931		4,587		123,518
Totals	\$	406,881	\$	58,754	\$	465,635
			1 .		(1)	4 0 1 )
V For I'm - C L 20		State Revo	oiving		(1)	Memo Only)
Year Ending September 30:		Principal		Interest		Total
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		478,161		8,426		486,587
2028		161,523		673		162,196
Totals	\$	2,459,578	\$	135,556	\$	2,595,134
		State Revo	nlving	l oan	(1)	Memo Only)
Year Ending September 30:		Principal	2141118	Interest		Total
2023	\$	1,054,198	\$	558,161	\$	1,612,359
2024	7	1,073,331	,	539,028	т	1,612,359
2025		1,092,812		519,548		1,612,360
2026		1,112,645		499,714		1,612,359
2027		1,132,840		479,520		1,612,360
2028 - 2032		5,980,162		2,081,636		8,061,798
2033 - 2037		6,542,899		1,518,901		8,061,800
2038 - 2042		7,158,589		903,209		8,061,798
2043 - 2047		6,343,083		240,719		6,583,802
Totals	\$	31,490,559	\$	7,340,436	\$	38,830,995
		<u> </u>		· · · · ·		
		State Revo	olving	Loan	1)	Memo Only)
Year Ending September 30:		Principal		Interest		Total
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		820,359		44,111		864,470
2037		28,745		69		28,814
Totals	\$	2,138,624	\$	310,705	\$	2,449,329

Notes to Financial Statements September 30, 2022

### A. Legal Debt Margin

The amount of debt, excluding specific exempted debt that can be incurred by the City is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the City, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a city issues bonds to repair or replace washed out or collapsed bridges on the public roads of the City. As of September 30, 2022, the amount of outstanding debt was equal to 8.44% percent of the latest property assessments.

## B. Current Refunding

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 the 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 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 the 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 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 \$117,688.

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 the 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 Taxable General Obligation MBIA Refunding Bonds for 2016 through 2022 is \$1,357,326.

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, were reported as debt service expenditures in the current year.

Notes to Financial Statements September 30, 2022

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2022:

	Balance			Balance	Due Within
	10/1/2021	Additions	Reductions	9/30/2022	One Year
Governmental Activities:					
General obligation bonds	\$ 9,836,000	\$ -	\$1,098,000	\$ 8,738,000	\$ 991,000
Notes payable	4,567,803	-	235,425	4,332,378	242,256
Taxable urban renewal revenue bond	1,092,593	-	222,222	870,371	222,222
Compensated absences	312,197	259,377	312,197	259,377	259,377
Total	\$ 15,808,593	\$259,377	\$1,867,844	\$14,200,126	\$1,714,855
Business-type Activities:					
Notes payable	\$ 432,637	\$ -	\$ 25,756	\$ 406,881	\$ 26,275
State revolving loans	37,686,677	-	1,597,916	36,088,761	1,627,996
Compensated absences	460,175	475,568	460,175	475,568	192,885
Total	\$ 38,579,489	\$475,568	\$2,083,847	\$36,971,210	\$1,847,156

Compensated absences will be paid from the fund from which the employees' salaries were paid, which are generally the Sewage Enterprise Fund, Greenwood Utilities Commission Fund, and Other Enterprise Funds.

#### Note 10 – Defined Benefit Pension Plan

The City 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 of Mississippi

#### 1. General Information about the Pension Plan

#### Plan Description

Substantially, all of the City, Greenwood Utilities Commission, Greenwood Tourism Commission and Greenwood-Leflore Public Library System employees contribute to the 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 and the Board of Trustees' authority to determine contribution rates are established by *Mississippi Code of 1972 Annotated Section 25-11-1 et seq.* and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to the Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, Mississippi 39201-1005 or by calling 1-800-444-PERS or online at http://www.pers.ms.gov.

Notes to Financial Statements September 30, 2022

### Benefits Provided

Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. 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 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. 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. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

## Contributions

At September 30, 2022, PERS members were required to contribute 9.00% of their annual covered salary, and the City is required to contribute at an actuarially determined rate. The employer's rate at September 30, 2022, was 17.40% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The City and Greenwood Utilities Commission's contributions (employer share only) to PERS for the year ending September 30, 2022, were \$1,260,745 and \$613,512, respectively, equal to the required contributions for the year.

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

## City of Greenwood, Mississippi

At September 30, 2022, the City reported a liability of \$20,175,153 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, 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 a projection of the City's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The City's proportionate share used to calculate the September 30, 2022, net pension liability was 0.102344%, which was based on a measurement date of June 30, 2022. This was a decrease of 0.004347% from its proportional share of the net pension liability, which was based on a measurement date of June 30, 2021.

Notes to Financial Statements September 30, 2022

For the year ended September 30, 2022, the City recognized pension expense of \$1,539,316. At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		 rred Inflows Resources
Differences between expected and actual experience	\$	285,666	\$ -
Net difference between projected and actual earnings on pension plan investments		1,059,697	-
Changes of assumptions or other inputs		697,781	-
Changes in the proportion and differenes between the City's contributions and proportionate share of			
contributions		129,378	600,770
City contributions subsequent to the measurement date		309,746	 -
	\$	2,482,268	\$ 600,770

\$309,746 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date that will be recognized as a reduction to the net pension liability in the year ended September 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending	
September 30,	
2023	\$ 458,569
2024	329,106
2025	(310,679)
2026	 1,094,756
	\$ 1,571,752

### Greenwood Utilities Commission

At September 30, 2022, Greenwood Utilities Commission reported a liability of \$10,711,933 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Greenwood Utilities Commission's proportion of the net pension liability was based on a projection of the Greenwood Utilities Commission's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The Greenwood Utilities Commission's proportionate share used to calculate the September 30, 2022, net pension liability was 0.052041%, which was based on a measurement date of June 30, 2021.

Notes to Financial Statements September 30, 2022

For the year ended September 30, 2022, Greenwood Utilities Commission recognized pension expense of \$108,015. At September 30, 2022, Greenwood Utilities Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		 erred Inflows Resources
Differences between expected and actual experience	\$	151,673	\$ -
Net difference between projected and actual earnings on pension plan investments		562,639	-
Changes of assumptions or other inputs		370,485	-
Changes in the proportion and differenes between the City's contributions and proportionate share of contributions		-	1,075,825
Employer contributions subsequent to the measurement date		163,738	 
	\$	1,248,535	\$ 1,075,825

\$163,738 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date that will be recognized as a reduction to the net pension liability in the year ended September 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending	
September 30,	
2023	\$ (141,556)
2024	(175,089)
2025	(255,638)
2026	 581,255
	\$ 8,972

## 3. Actuarial Assumptions

The total pension liability (TPL) as of June 30, 2022, was determined by an actuarial valuation prepared as of June 30, 2021, and by the investment experience for the fiscal year ending June 30, 2022. The following actuarial assumptions are applied to all periods in the measurement:

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

Notes to Financial Statements September 30, 2022

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 four-year period from July 1, 2016 to June 30, 2020. The experience report is dated April 20, 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 most recent target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

	Target Allocation	Expected Real
Asset Class	Percentage	Rate of Return
Domestic Equity	25.00%	4.60%
International Equity	20.00%	4.50%
Global Equity	12.00%	4.85%
Fixed Income	18.00%	1.40%
Real Estate	10.00%	3.65%
Private Equity	10.00%	6.00%
Private Infrastructure	2.00%	4.00%
Private Credit	2.00%	4.00%
Cash Equivalents	1.00%	-0.10%
	100.00%	

#### 4. 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 (9.00%) and that 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 to the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following present the City and Greenwood Utilities Commission's proportionate share of the net pension liability calculated using a discount rate of 7.55 percent, as well as what the City and Greenwood Utilities Commission's proportionate share of the net pension liability would be if it were calculated using

Notes to Financial Statements September 30, 2022

a discount rate 1-percentage-point lower (6.55 percent) or 1-percentage-point higher (8.55 percent) than the current rate:

City of Greenwood, Mississippi

	1% Decrease (6.55%)		Current Discount Rate (7.55%)		1% Increase (8.55%)	
Proportionate share of the net pension liability	\$	15,458,678	\$	20,175,153	\$	26,955,596
Greenwood Utilities Commission						
	19	% Decrease (6.55%)	0 0	rent Discount ate (7.55%)	1	% Increase (8.55%)
Proportionate share of the net pension liability	\$	8,207,735	\$	10,711,933	\$	14,311,987

## 6. Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

## B. <u>Disability and Relief – Mississippi Municipal Retirement Systems</u>

#### 1. Plan Description

The City 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 PERS, 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, 2022, the date of the most recent actuarial verification, there was 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 the Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, Mississippi 39201-1005 or by calling 1-800-444-PERS or online at http://www.pers.ms.gov.

## 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

Notes to Financial Statements September 30, 2022

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

### 3. Net Pension Liability

The "Net Pension Liability" (NPL) is the difference between the "Total Pension Liability: (TPL) and the plan's "Fiduciary Net Position" (FNP). The TPL is the present value of pension benefits that are allocated to current members due to past service by entry age normal actuarial cost method. The TPL includes benefits to projected salary and service, and automatic cost of living adjustments (COLA's). In addition, ad hoc COLA's are also included in the TPL to the extent they are substantively automatic. The FNP is determined on the same basis used by the pension plan. The City's NPL was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Total pension liability	\$ 5,412,456
Fiduciary net position	 2,395,217
Net pension liability	\$ 3,017,239

A schedule of NPL, in addition to the information above, includes multi-year trend information (beginning with fiscal year 2015) and is presented in the Required Supplementary Information section.

## 4. Schedule of Changes in Net Pension Liability

The change in net pension liability for MRS is as follows:

Change in Net Pension Liability	То	Total Pension Plan Fiduciary Net Number 1		,		et Pension Liability
Balances at June 30, 2021	ċ	5,855,399	\$	2,950,656	\$	2,904,743
balances at June 30, 2021	<del>-</del>	3,833,333	<u> </u>	2,330,030	<del>-</del>	2,304,743
Changes for the year:						
Interest		416,848		-		416,848
Difference between expected and						
actual experience		(191,336)		-		(191,336)
Contributions - employer		-		353,160		(353,160)
Net investment income		-		(233,081)		233,081
Benefit payments, including refunds						
of employee contributions		(668,455)		(668,455)		-
Administrative expense		-		(7,063)		7,063
Net Change		(442,943)		(555,439)		112,496
Balances at June 30, 2022	\$	5,412,456	\$	2,395,217	\$	3,017,239

Notes to Financial Statements September 30, 2022

# 5. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

At the measurement date, the City recognized pension expense of \$28,107. Pension expense recognized by the plan was as follows:

	Pensi	on Expense
Interest on the total pension liability	\$	416,848
Expensed portion of current-period difference between expected and actual experience in the total pension		
liability		(191,336)
Projected earnings on plan investments		(210,606)
Expensed portion of current-period differences between actual and projected earnings on plan investments		88,737
Administrative expense		7,063
Recognition of beginning deferred inflows of resources as pension expense		(82,599)
Total pension expense	\$	28,107
Total pension expense	\$	28,107

At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources for the MRS from the following source:

	Deferred Outflows of Resources		Deferred Outflows		Deferred Outflows		Deferred In	flows of
			Resour	ces				
Net difference between projected and actual earnings on plan investments	\$	78,208	\$	-				
	\$	78,208	\$	-				

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

Year Ending	
September 30,	
2023	\$ 7,576
2024	3,609
2025	(21,716)
2026	 88,739
	\$ 78,208

Notes to Financial Statements September 30, 2022

## 6. Actuarial Assumptions

The total pension liability as of June 30, 2022, was determined by an actuarial valuation prepared as of June 30, 2021, and by the investment experience for the fiscal year ending June 30, 2022. The following actuarial assumptions are applied to all periods in the measurement:

Actuarial cost method Ultimate asset reserve

Amortization Method N/A
Remaining amortization period N/A

Asset valuation method Market value of assets

Inflation 2.75%

Salary increases 3.00 - 4.50%, including inflation

Investment rate of return 6.25%, net of pension plan investment expense, including

inflation

#### 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 to the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.55 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.55 percent) or 1-percentage-point higher (8.55 percent) than the current rate:

	1% Decrease		Curre	ent Discount	1% Increase		
		(6.55%)		te (7.55%)	(8.55%)		
Plan's net pension liability	\$	3,370,749	\$	3,017,239	\$	2,702,242	

#### Note 11 – Deficit Fund Balance of Individual Fund

The Solid Waste Enterprise Fund reported a deficit in fund balance at September 30, 2022 of (\$524,626). The deficit is not in violation of state law. The Solid Waste Enterprise Fund deficit is the result of the continued payments on the purchase of new garbage trucks, depreciation expense and no increase in residential user fees. The premium rates charged to employees and other City funds are adjusted annually in order to maintain adequate funds for paying claims.

Notes to Financial Statements September 30, 2022

## Note 12 – Contingencies

## A. Federal Grants

The City has received federal grants, principal of which are the U.S. Department of Housing and Urban Development, Federal Emergency Management Agency and U.S. Department of Transportation grants, for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a grantor audit may become a liability of the City. No provision for any liability that may result has been recognized in the City's financial statements.

### B. Litigation

The City is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate ultimate outcome or liability, if any, of the City with respect to the various proceedings. However, the City's legal counsel believes that ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the City. The City believes that liability insurance will cover any possible claims. In the normal course of business, Greenwood Utilities Commission is, from time to time, subject to allegations that may or do result in litigation. Greenwood Utilities Commission 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, 2022.

## C. Environmental Contingencies

The City and Greenwood Utilities Commission are subject to environmental oversight by various regulatory agencies. These regulatory agencies can potentially make assessments against the City and Greenwood Utilities Commission that may or may not result in penalties or remediation liabilities. The City and Greenwood Utilities Commission 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 Commission 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, 2022.

### D. Milwaukee Tool MBIA Refunding Bonds

The City issued \$3,600,000 General Obligation MBIA Bonds, Series 2002, on December 1, 2002, for Milwaukee Electric Tool Corporation. These bonds were refunded with the \$1,260,000 in Taxable General Obligation MBIA Refunding Bonds, Series 2016, with an interest rate of 2.45%. See Note 9 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 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 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.

Notes to Financial Statements September 30, 2022

#### E. 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 9 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.

## Note 13 – Effect of Deferred Amounts on Net Position

The unrestricted net position amount of (\$4,538,206) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. A portion of the deferred outflow of resources related to pension in the amount of \$473,484 resulting from City (including Greenwood Utilities Commission) contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2023. The \$3,255,459 balance of deferred outflow of resources related to pensions at September 30, 2022, will be recognized as an expense and will decrease the unrestricted net position over the next four years.

The unrestricted net position amount of (\$4,538,206) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$1,123,040 balance of deferred inflow of resources related to pensions at September 30, 2022, will be recognized as revenue and will increase the unrestricted net position over the next three years.

#### Note 14 – Joint Ventures and Commitments

## A. MEAM Joint Venture and Power Purchase Contract

Greenwood Utilities Commission 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 Commission's 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 Commission entered into a power purchase contract and power sales contract with MEAM (updated in 1992), which provided that Greenwood Utilities Commission will purchase its electrical power from MEAM through the year 2022. Greenwood Utilities Commission 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 Commission being purchased

Notes to Financial Statements September 30, 2022

from MEAM per the contract. These contracts may be terminated by MEAM upon termination of the interconnection agreement between MEAM and Entergy. Greenwood Utilities Commission may terminate the contracts following termination of MEAM's interconnection agreement or two years' written notice to MEAM of intent to terminate.

In 2018 and in accordance with the power sales contract with MEAM, Greenwood Utilities Commission 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, 2018, Greenwood Utilities Commission no longer has generating capacity and no longer receives capacity payments from MEAM.

In 2006, MEAM issued bonds for a 6% undivided interest in Plum Point Energy Station (Plum Point), a 665 MW coal-fired electric generation facility in Mississippi County, Arkansas. 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.

### B. 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, 2022, was \$2,459,578. Detailed information is provided in Note 9.

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, 2022, was \$31,490,559. Detailed information is provided in Note 9.

#### C. Joint Venture

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

Notes to Financial Statements September 30, 2022

Greenwood-Leflore Industrial Board								
Total assets	\$	35,469						
Total liabilities	\$	35,469						
Total net position	\$	-						
Total program and general revenues	\$	224,096						
Total expenses	\$	224,096						
Increase (decrease) in net position	\$	-						
Accrued compensated absences	\$	9,322						

## Note 15 - 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 vear.
- 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 paid before October 31 are charged against the current year's budget. If the claim is incurred prior to the end of the year but paid after October 30, it is charged against the budget for the subsequent year. This required budgetary basis is not considered to be a generally accepted accounting principle in the United States of America. Budget and actual comparisons are presented as required supplementary information for all governmental activities that are considered to be major funds under GASB No. 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.

Notes to Financial Statements September 30, 2022

- 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 Commission, Greenwood Tourism Commission, or Greenwood-Leflore Public Library System since they are not budgeted by the City Council. Unexpended appropriations lapse at year-end in all funds.

	Adopted Budget		Final Budget			Change
General Fund	\$ 13,96	4,250	\$ 13,975	5,139	\$	10,889
Other General Funds	22	2,080	223	3,293		1,213
Special Revenue Funds	15	5,553	1,299	9,371	-	1,143,818
Debt Service Funds	1,57	0,544	1,878	3,868		308,324
Capital Projects Funds		-	351	L,265		351,265
Enterprise Funds	11,68	0,326	12,377	7,405		697,079
Internal Service Fund	1,36	1,300	1,361	L,300		-
	\$ 28,95	4,053	\$ 31,466	5,641	\$ 2	2,512,588

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

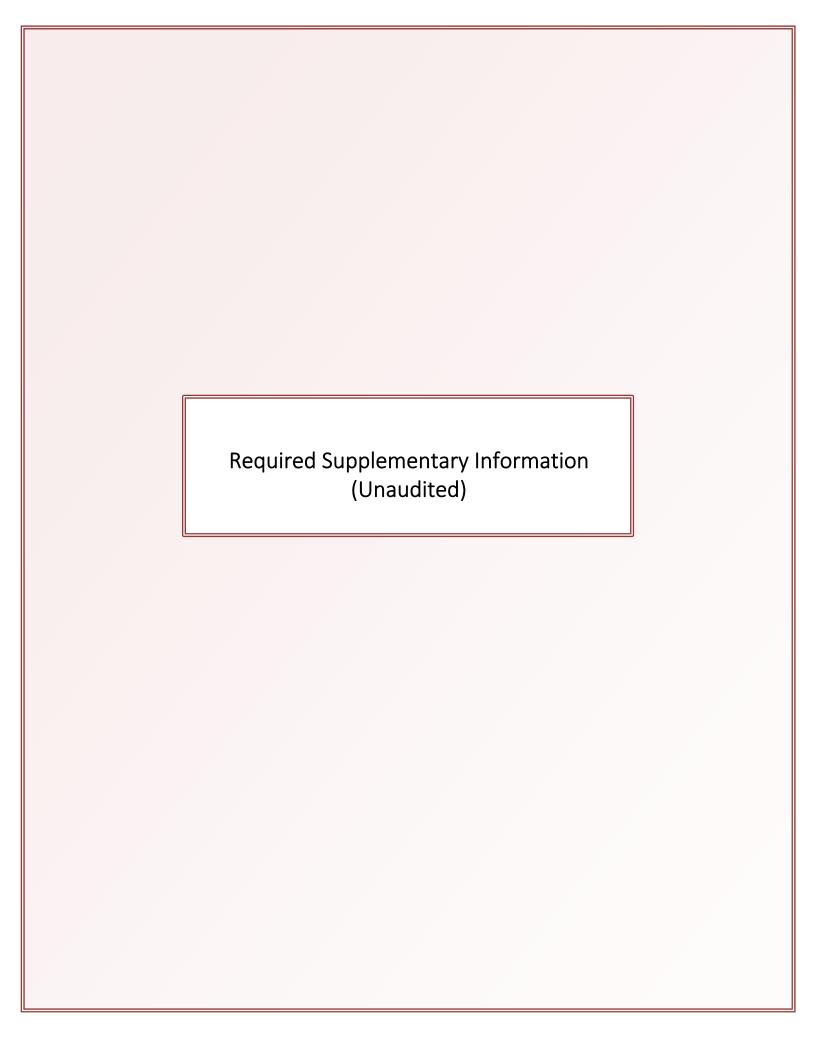
	Budget		Actual		Overage	
City Hall Building Maintenance						
Other Services and Charges	\$	343,000	\$	403,307	\$	(60,307)
Personnel office						
Personal Services	\$	136,400	\$	141,494	\$	(5,094)
Inspection Division						
Personal Services	\$	232,124	\$	238,783	\$	(6,659)
Park Division Maintenance						
Other Services and Charges	\$	50,772	\$	58,626	\$	(7,854)
Amory Appropriations	\$	8,600	\$	11,437	\$	(2,837)

Notes to Financial Statements September 30, 2022

	Budget	Actual		Overage	
Senior Citizens Center					
Other Services and Charges	\$ 9,200	\$	22,009	\$	(12,809)
Library Appropriations	\$ 209,637	\$	218,577	\$	(8,940)
Miscellaneous Appropriations	\$ 477,371	\$	545,421	\$	(68,050)
Community Center					
Other Services and Charges	\$ 11,950	\$	13,240	\$	(1,290)
Summer Park Program					
Personal Services	\$ 25,200	\$	40,274	\$	(15,074)
Historic Elks Building					
Supplies	\$ 350	\$	8,772	\$	(8,422)
Other Services and Charges	\$ 29,250	\$	82,549	\$	(53,299)
Solid Waste Assisstance Grant					
Supplies	\$ 6,652	\$	8,156	\$	(1,504)
Capital Outlay	\$ 57	\$	2,986	\$	(2,929)
Intervention Court Grant					
Personal Services	\$ 44,628	\$	49,667	\$	(5,039)
Other Services and Charges	\$ 36,645	\$	38,691	\$	(2,046)
GO Public Improvement Bond					
Other Services and Charges	\$ 351,265	\$	546,607	\$	(195,342)
Sewage Enterprise					
Other Services and Charges	\$ 832,136	\$	1,287,660	\$	(455,525)
Solid Waste Enterprise - Garbage Department					
Other Services and Charges	\$ 710,929	\$	767,821	\$	(56,892)
Solid Waste Enterprise - Trash Department					
Other Services and Charges	\$ 40,102	\$	41,991	\$	(1,889)
Other Services and Charges Solid Waste Enterprise - Garbage Department Other Services and Charges Solid Waste Enterprise - Trash Department	\$ 710,929	\$	767,821	\$	(56,892)

## Note 16 – Subsequent Events

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 are recognized in the accompanying financial statements. Subsequent events, which provide evidence about conditions that existed after the Statement of Net Position date, require disclosure in the accompanying notes. Management of the City evaluated the activity of the City through June 22, 2023, (the date the financial statements were available to be issued), and determined that no events have occurred requiring disclosure in the notes to the financial statements.



	Original Budget	Final Budget	Actual (Budgetary Basis) (See Note A)	Variance with Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 4,960,80		\$ 5,317,675	\$ 424,870
Licenses, commissions and other revenue	188,76		150,910	(37,850)
Fines and forfeitures	447,93	5 515,935	358,176	(157,759)
Intergovernmental revenues	5,372,00	1 5,372,001	5,508,746	136,745
Charges for services	23,90	0 23,900	15,849	(8,051)
Interest income	28,55	7 28,557	11,633	(16,924)
Miscellaneous revenues	103,76	4 62,333	92,137	29,804
Total Revenues	11,125,72	2 11,084,291	11,455,126	370,835
Expenditures				
General government				
Supervision and finance				
Personal services	723,52	9 698,029	658,095	39,934
Supplies	8,60	0 10,080	8,802	1,278
Other services and charges	577,10	0 541,253	436,334	104,919
Capital outlay	58	7 587	-	587
City clerk's office				
Personal services	220,71	5 221,515	210,626	10,889
Supplies	13,00	0 18,200	13,755	4,445
Other services and charges	55,87	5 57,875	38,999	18,876
Capital outlay	10,00	0 28,000	6,941	21,059
City hall building maintenance				
Supplies	11,00	0 11,000	5,499	5,501
Other services and charges	343,00	0 343,000	403,307	(60,307)
Capital outlay	6,00	0 6,000		6,000
Personnel office				
Personal services	136,40	0 136,400	141,494	(5,094)
Supplies	2,60	0 2,600	1,529	1,071
Other services and charges	9,67	8 9,678	460	9,218
Public safety				
Police department				
Personal services	3,688,88	3 3,393,883	3,269,968	123,915
Supplies	320,50		265,730	29,770
Other services and charges	432,00	0 402,000	342,158	59,842
Capital outlay	320,86		533,814	137,609
Debt service	43,20	0 50,841	50,841	-

	Original Budget	Final Budget	Actual (Budgetary Basis) (See Note A)	Variance with Final Budget Positive (Negative)
Municipal court				
Personal services	133,006	133,006	95,956	37,050
Supplies	4,441	4,441	2,014	2,427
Other services and charges	17,225	17,225	9,455	7,770
Capital outlay	5,000	5,000	-	5,000
Fire department				
Personal services	3,264,675	3,110,675	2,863,466	247,209
Supplies	112,600	132,600	106,630	25,970
Other services and charges	143,000	160,000	138,979	21,021
Capital outlay	8,000	85,000	25,012	59,988
Debt service	110,000	150,000	149,010	990
Inspection division				
Personal services	231,262	232,124	238,783	(6,659)
Supplies	7,850	9,050	6,729	2,321
Other services and charges	8,725	10,109	7,599	2,510
Capital outlay	4,000	2,594	-	2,594
<u>Public works</u>				
Engineering division				
Personal services	135,954	143,574	128,999	14,575
Supplies	36,950	41,835	41,096	739
Other services and charges	23,314	20,381	17,589	2,792
Capital outlay	500	3,500	3,500	-
Street division				
Personal services	521,280	521,280	477,909	43,371
Supplies	199,500	223,750	215,688	8,062
Other services and charges	426,251	478,346	423,074	55,272
Capital outlay	100,000	51,220	42,112	9,108
Equipment maintenance division				
Personal services	213,744	213,744	165,723	48,021
Supplies	24,490	27,352	26,402	950
Other services and charges	26,355	24,495	24,446	49
Capital outlay	500	500	500	-
Inventory control division				
Personal services	-	-		-
Supplies	11,900	13,021	12,703	318
Other services and charges	1,417	296	295	1
Capital outlay	200	200	200	-

	Original Budget	Final Budget	Actual (Budgetary Basis) (See Note A)	Variance with Final Budget Positive (Negative)
Culture and recreation				
Park division recreation				
Personal services	18,958	18,958	12,555	6,403
Supplies	8,650	4,031	2,483	1,548
Other services and charges	2,500			-
Capital outlay	210	210	210	-
Park division maintenance				
Personal services	394,982	394,982	305,009	89,973
Supplies	55,200	69,723	68,369	1,354
Other services and charges	51,072	50,772	58,626	(7,854)
Capital outlay	15,000	20,773	20,773	-
Senior citizens center				-
Supplies	4,300	6,150	3,208	2,942
Other services and charges	11,200	9,200	22,009	(12,809)
Capital outlay	-	650	-	
Miscellaneous appropriations				
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	25,000	25,000	25,000	-
Delta Streets	5,000	5,000	-	5,000
Boys & Girls Club Appropriations	15,000	15,000	15,000	-
Our House Appropriations	10,000	10,000	10,000	-
Greenwood Ministerial Association	5,000	5,000	-	5,000
Onnie M. Elliott Community Center	5,000	5,000	5,000	-
Armory	8,600	8,600	11,437	(2,837)
Salvation Army Appropriations	5,000	5,000	5,000	-
United Way	1,500	1,500	1,500	-
Library Appropriations	209,637	209,637	218,577	(8,940)
Industrial Board Appropriations	108,000	108,000	99,880	8,120
Humane Society Appropriations	10,000	10,000	10,000	-
Chamber of Commerce	14,000	14,000	10,687	3,313
Cemetery Appropriation	10,000	10,000	8,975	1,025
Red Cross Appropriations	8,500	8,500	7,500	1,000
Other Utility Appropriations	18,000	18,000	16,008	1,992
Airport Appropriation	133,158	133,158	117,500	15,658
Teach for America	2,500	2,500	-	2,500

	Original Budget	Final Budget	Actual (Budgetary Basis) (See Note A)	Variance with Final Budget Positive (Negative)
Miscellaneous appropriations (continued)			<del></del>	
Community Band	1,500	1,500	-	1,500
Museum of the Ms. Delta Appropriation	15,000	15,000	-	15,000
Greenwood Community Kitchen	5,000	5,000	-	5,000
Greenwood Mentoring Center	5,000	5,000	5,000	-
Fannie Lou Hammer	5,000	5,000	5,000	-
Chamber of Commerce-Fourth of July	8,500	8,500	-	8,500
Delta Cancer Society	8,000	5,000	-	5,000
Greenwood Little Theatre	5,000	8,000	8,000	-
Greenwood Community & Rec Center	5,000	5,000	5,000	-
Total expenditures	13,944,250	13,975,139	12,700,527	1,274,612
Excess (deficiency) of revenues over				
expenditures	(2,818,528)	(2,890,848)	(1,245,401)	(903,777)
Other Financing Sources (Uses)				
Proceeds from auction and sale of land		30,538	43,666	13,128
Transfers in	1,441,187	1,488,949	1,131,670	(357,279)
Transfers out	(20,000)	(49,213)	(205,353)	(156,140)
Total other financing sources (uses)	1,421,187	1,470,274	969,983	(500,291)
Net change in fund balances	(1,397,341)	(1,420,574)	(275,418)	(1,404,068)
Budgetary fund balance - beginning	1,397,341	1,420,574	1,275,036	145,538
Budgetary fund balance - ending	\$ -	\$ -	\$ 999,618	\$ (1,549,606)

Note A to Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis) - General Fund For the Year Ended September 30, 2022

## Note A to Budgetary Comparison Schedule:

An explanation of the differences between budgetary inflows and outflows and revenues and expenditures

## Sources/inflows of resources:

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$	11,455,126
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. Prior year amounts due from the county in the current year are recongized as revenue in the prior year.  Amount due from the state for sales tax and liquor license at year end at is revenue for financial reporting purposes  Amount due from franchisees at year end is revenue for financial reporting purposes  Total revenues as reported on the statement of revenues, expenditures, and changes in fund	_	(314,804) 55,479 (9,282)
balances - General Fund	\$	11,186,519
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$	12,700,527
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		(146,644)
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 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  The City transferred money to the cemetery fund fund to subsidize operations on the modified		(28,380)
accrual basis but not for the budgetary basis		(8,975)
The City paid certain appropriations out of the special projects fund on the budgetary basis, but transferred the money to the general fund to appropriate on the modified accrual basis.		11,500
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - General Fund	\$	12,549,928

Schedule of Proportionate Share of the Net Pension Liability Mississippi Public Employees' Retirement System Last 10 Fiscal Years\* For the Year Ended September 30, 2022

City of Greenwood	2022	2021	2020	2019	2018	2017	2016	2015
City's proportion of the net pension liability (asset)	0.102%	0.107%	0.105%	0.107%	0.109%	0.110%	0.109%	0.114%
City's proportionate share of the net pension liability (asset)	\$ 21,066,119	\$ 15,769,396	\$ 19,484,141	\$ 17,953,768	\$ 17,408,871	\$ 17,556,777	\$ 18,686,173	\$ 16,804,452
City's covered payroll	\$ 6,326,664	\$ 6,382,156	\$ 6,328,137	\$ 6,271,376	\$ 6,279,085	\$ 6,377,268	\$ 6,300,244	\$ 6,419,149
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	332.97%	247.09%	307.90%	286.28%	277.25%	275.30%	296.59%	261.79%
Plan fiduciary net position as a percentage of the total pension liability	59.93%	70.44%	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%
COMPONENT UNIT								
Greenwood Utilities Commission								
Proportion of the net pension liability (asset)	0.052%	0.057%	0.061%	0.062%	0.067%	0.065%	0.061%	0.061%
Proportionate share of the net pension liability (asset)	\$ 10,711,933	\$ 8,402,236	\$ 11,899,879	\$ 10,969,124	\$ 11,129,621	\$ 10,730,069	\$ 10,983,115	\$ 9,475,618
Covered payroll	\$ 3,359,122	\$ 3,550,707	\$ 4,093,109	\$ 4,060,908	\$ 4,273,054	\$ 4,140,787	\$ 3,933,479	\$ 3,829,632
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	318.89%	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	59.93%	70.44%	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%

<sup>\*</sup>The amounts presented for each fiscal year were determined as of the twelve months ended at the measurement date of June 30 of the fiscal year presented. This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015, and, until a full 10 year trend is compiled, the City has only presented information for the years in which information is available.

Schedule of Contributions
Mississippi Public Employees' Retirement System
Last 10 Fiscal Years\*
For the Year Ended September 30, 2022

City of Greenwood	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 1,260,744	\$ 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 contractually required contribution	1,260,744	1,229,344	1,228,028	1,118,946	1,116,067	1,069,742	1,096,361	1,117,164
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 7,245,658	\$ 7,065,194	\$ 7,057,634	\$ 6,934,323	\$ 7,086,139	\$ 6,792,012	\$ 6,961,023	\$ 7,093,107
Contributions as a percentage of covered payroll	17.40%	17.40%	17.40%	16.14%	15.75%	15.75%	15.75%	15.75%
COMPONENT UNIT								
Greenwood Utilities Commission								
Contractually required contribution	\$ 613,512	\$ 653,699	\$ 713,119	\$ 649,430	\$ 672,209	\$ 653,196	\$ 630,869	\$ 609,678
Contributions in relation to the contractually required contribution	613,512	653,699	713,119	649,430	672,209	653,196	630,869	609,678
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 3,525,929	\$ 3,756,892	\$ 4,098,375	\$ 4,024,263	\$ 4,272,580	\$ 4,147,110	\$ 4,005,517	\$ 3,870,971
Contributions as a percentage of covered payroll	17.40%	17.40%	17.40%	16.14%	15.73%	15.75%	15.75%	15.75%

<sup>\*</sup>This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015, and, until a full 10 year trend is compiled, the City has only presented information for the years in which information is available.

Schedule of Changes in the Net Pension Liability
Disability and Relief - Mississippi Municipal Retirement Systems
Last 10 Fiscal Years\*

For the Year Ended September 30, 2022

	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability								
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,764
Interest	416,848	471,452	499,336	521,385	545,172	570,503	597,730	619,518
Difference between expected & actual experience	(191,336)	(266,716)	(141,030)	(49,836)	(94,373)	(144,384)	(169,577)	(107,862)
Changes of assumptions	-	(72,871)	_	(22,718)	-	19,779	-	239,110
Benefit payments, including refunds of employee	(660 455)	(710 425)	(716 762)	(740,007)	/765 541)	(770.060)	(770,002)	(002.724)
contributions	(668,455)	(719,435)	(716,763)	(749,907)	(765,541)	(779,960)	(778,993)	(802,724)
Net change in total pension liability	(442,943)	(587,570)	(358,457)	(301,076)	(314,742)	(334,062)	(350,840)	(43,194)
Total pension liability - beginning	5,855,399	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)	\$5,412,456	\$5,855,399	\$6,442,969	\$6,801,426	\$7,102,502	\$7,417,244	\$7,751,306	\$8,102,146
Plan Fiduciary Net Position								
Contributions - employer**	\$ 353,160	\$ 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	(233,081)	736,576	77,981	195,394	229,148	392,073	50,338	139,303
Benefit payments, including								
refunds of employee contributions	(668,455)	(719,435)	(716,763)	(749,907)	(765,541)	(779,960)	(778,993)	(802,724)
Administrative expense	(7,063)	(7,983)	(7,369)	(8,936)	(8,940)	(8,883)	(9,306)	(10,024)
Other				(2,852)	(279)	430	7,458	
Net change in plan fiduciary net position	(555,439)	408,317	(273,353)	(115,596)	(94,333)	53,030	(255,965)	(163,858)
Plan net position - beginning	2,950,656	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)	\$2,395,217	\$2,950,656	\$2,542,339	\$2,815,692	\$2,931,288	\$3,025,621	\$2,972,591	\$3,228,556
Net pension liability - ending (a) - (b)	\$3,017,239	\$2,904,743	\$3,900,630	\$3,985,734	\$4,171,214	\$4,391,623	\$4,778,715	\$4,873,590
Plan fiduciary net position as a percentage of the								
total pension liability	44.25%	50.39%	39.46%	41.40%	41.27%	40.79%	38.35%	39.85%
Covered payroll***	N/A							
Net pension liability as a percentage								
of covered payroll***	N/A							

<sup>\*</sup>This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015, and, until a full 10 year trend is compiled, the City has only presented information for the years in which information is available.

<sup>\*\*</sup>Includes administrative expenses.

<sup>\*\*\*</sup>Payroll-related information not provided because plan is closed to new entrants. No remaining active members.

Schedule of Contributions
Disability and Relief - Mississippi Municipal Retirement Systems
Last 10 Fiscal Years\*
For the Year Ended September 30, 2022

	 2022	 2021	 2020	2019	2018	2017	2016	2015
Actuarially determined employer contribution (ADEC)** Contributions in relation to the actuarially	\$ 381,187	\$ 399,159	\$ 368,513	\$ 446,779	\$ 447,022	\$ 444,143	\$ 465,290	\$ 501,221
determined contribution***	346,097	 399,159	 368,513	 446,779	447,022	 444,143	465,290	 501,221
Contribution deficiency/(excess)	\$ 35,090	\$ -	\$ _	\$ _	\$ -	\$ -	\$ -	\$ -
Covered payroll****	N/A							
Contributions as a percentage of covered payroll****	N/A							

<sup>\*</sup>This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015, and, until a full 10 year trend is compiled, the City has only presented information for the years in which information is available.

<sup>\*\*</sup> Beginning in 2022, methodology for ADEC determination was changed to match cash flow projections that calculate the certified milliage rates.

<sup>\*\*\*</sup>Net of administrative expenses.

<sup>\*\*\*\*</sup>Payroll-related information not provided because plan is closed to new entrants and there are no remaining active members.

Notes to the Schedules of Required Supplementary Information September 30, 2022

# 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

Notes to the Schedules of Required Supplementary Information September 30, 2022

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%.
- 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

Notes to the Schedules of Required Supplementary Information September 30, 2022

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, preretirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience. In 2015, assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. Finally, the price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.

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 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

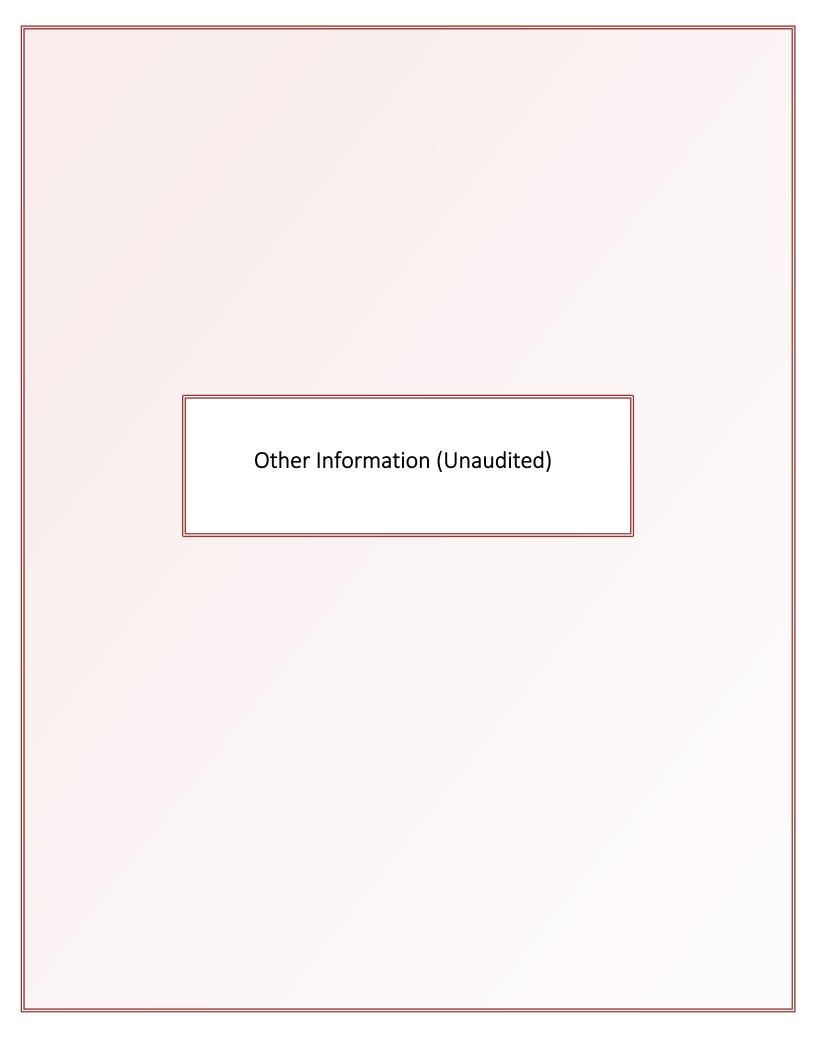
Amortization method N/A
Remaining amortization period N/A

Asset valuation method Market value of assetss

Price inflation 2.75%

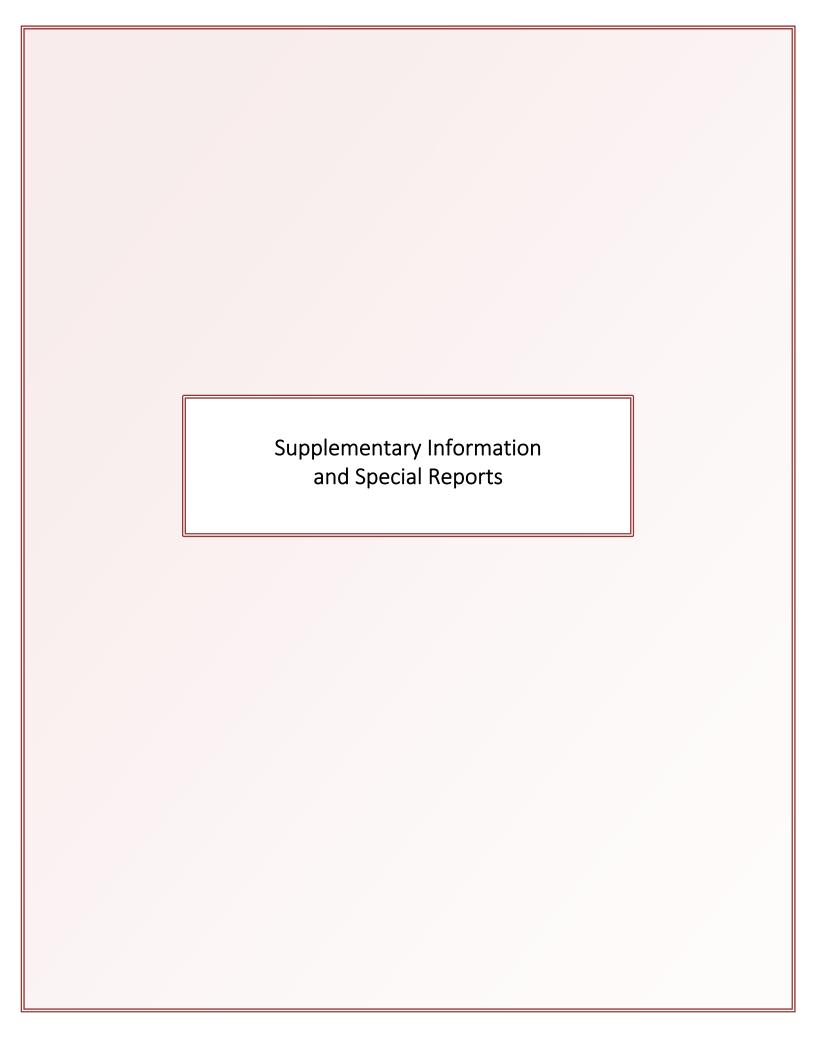
Salary increase 3.00 - 4.50%, including inflation

Investment rate of return 6.25%,net plan investment expense, including inflation



Schedule of Surety Bonds for Municipal Officials September 30, 2022

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			
Terrence Craft	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			



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

W. Lee Mattox, CPA Gay G. Moss, CPA



Fred T. Neely, CPA (1897 – 1967) Billy Joe Killebrew, CPA (1942 – 2010) Ralph F. Neely, CPA (1927 – 2022)

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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 22, 2023. Our report includes 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.

## Report on 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 were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-1, that we consider to be a material weakness.

## **Report on 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

City Council City of Greenwood, Mississippi Page 85

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

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Fred T. Neely & Company, PLLC

Fred J. Neely + Company, PLLC

Greenwood, Mississippi

June 22, 2023

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

W. Lee Mattox, CPA Gay G. Moss, CPA



Fred T. Neely, CPA (1897 – 1967) Billy Joe Killebrew, CPA (1942 – 2010) Ralph F. Neely, CPA (1927 – 2022)

## 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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 22, 2023. 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 the 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

Ined J. Neely + Company, PLLC

Greenwood, Mississippi

June 22, 2023

Summary Schedule of Prior Audit Findings For the Year Ended September 30, 2022

## **Financial Statement Findings**

### 2021-1: Financial Statements and Related Disclosures

<u>Condition</u>: Since the City's books were maintained in accordance with state budgetary law, management requested the 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 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 was not unusual for governments 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.

<u>Effect</u>: The preparation of the City's financial statements, related footnote disclosures and related supplementary information was outsourced. However, management reviewed, approved and accepted responsibility for the financial statements prior to their issuance.

The absence of this control procedure was considered a material weakness because there was more than a remote likelihood that a material misstatement of the financial statements could have occurred and not been prevented or detected by the City's internal control over financial reporting.

<u>Recommendation</u>: 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 was recommended.

Current Status: No change.

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

<u>Condition</u>: The City did not identify all federal expenditures for accrual as part of the financial close process for the year ended September 31, 2021.

Effect: The City was unable to prepare a SEFA.

The absence of this control procedure was considered a material weakness because there was more than a remote likelihood that a material misstatement of the SEFA could have occurred and not been prevented or detected by the City's internal control.

<u>Recommendation</u>: We recommended that a separate, independent review of all year-end accruals be performed to ensure that the inclusion of all necessary adjustments was prepared and reported in the modified cash basis financial statements. The independent review should have also included a review of the accruals to determine if any should have been included in the preparation of the SEFA.

Schedule of Findings and Questioned Costs For the Year Ended September 30, 2022

### 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?

b. Significant deficiency(ies) identified?

None reported

3. Noncompliance material to financial statements noted? No

### Section II: Financial Statement Findings

#### Material Weakness

### 2022-1: Financial Statements and Related Disclosures

<u>Condition</u>: Since the City's books are maintained in accordance with state budgetary law, management requested the 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 accounting principles generally accepted in the United States of America (GAAP). 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 for governments 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.

<u>Criteria</u>: 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 GAAP.

<u>Cause</u>: 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.

<u>Effect</u>: The preparation of the financial statements, related footnote disclosures and required supplementary 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.

<u>Recommendation</u>: 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.