



The following document was not prepared by the Office of the State Auditor, but was prepared by and submitted to the Office of the State Auditor by a private CPA firm. The document was placed on this web page as it was submitted. 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.



**RECEIVED**  
SEP 18 2007  
STATE AUDITOR'S OFFICE

**City of Greenwood  
Greenwood, Mississippi**

---

---

**Financial Statements  
September 30, 2006**



**KILLEBREW & MOSS, LTD.**  
CERTIFIED PUBLIC ACCOUNTANTS  
GREENWOOD, MISSISSIPPI, 38930

**CITY OF GREENWOOD, MISSISSIPPI**  
**Financial Statements**  
**For the Year Ended September 30, 2006**

<b>FINANCIAL SECTION</b>	<b>PAGES</b>
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-13
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets	14
Statement of Activities	15-16
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	17
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	18
Statement of Revenues, Expenditures and Changes in Fund Balances	19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	20
Budget and Actual (with Variances) - General Fund Note to Budgetary Comparison Schedule	21-22 23
Proprietary Funds:	
Statement of Net Assets	24
Statement of Revenues, Expenses and Changes in Fund Net Assets	25
Statement of Cash Flows	26-27
Fiduciary Funds:	
Statement of Fiduciary Net Assets	28
Notes to Financial Statements	29-71
 <b>SUPPLEMENTAL INFORMATION</b>	
Schedule of Investments - All Funds	72
Reconciliation of Original Ad Valorem Tax Rolls to Fund Collections on 2005 Ad Valorem Taxes	73-74
Schedule of Surety Bonds for Municipal Officials	75

CITY OF GREENWOOD, MISSISSIPPI  
Financial Statements  
For the Year Ended September 30, 2006

SINGLE AUDIT AND STATE LEGAL COMPLIANCE	<u>PAGES</u>
Schedule of Expenditures of Federal Awards	76
Notes to Schedule of Expenditures of Federal Awards	77
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	78-79
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	80-81
Report on Compliance with State Laws and Regulations	82
Schedule of Findings and Questioned Costs	83

**FINANCIAL SECTION**

Billy Joe Killebrew, CPA  
Gay G. Moss, CPA

**KILLEBREW & MOSS, LTD.**  
CERTIFIED PUBLIC ACCOUNTANTS  
404 East Washington Street  
Greenwood, Mississippi 38930  
PHONE: 662-453-9185  
FAX: 662-455-9409

American Institute of CPAs  
Mississippi Society of CPAs  
Delta Chapter of CPAs

**INDEPENDENT AUDITOR'S REPORT**

To the City Council  
City of Greenwood, Mississippi

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, as of and for the year ended September 30, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Greenwood, Mississippi's, management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Greenwood-Leflore Public Library, which represents 58%, 59%, and 55%, respectively, of the assets, net assets, and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Greenwood-Leflore Public Library, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of Greenwood Utilities and the Greenwood Tourism Commission were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of 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, each major fund, and the aggregate remaining fund information of the City of Greenwood, Mississippi, as of September 30, 2006, and the respective changes in financial position and, where applicable, cash flows, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America and the respective budgetary comparison for the General Fund.

P. O. Box 842 Greenwood, Mississippi 38935-0842  
[billyjoekillebrew@hotmail.com](mailto:billyjoekillebrew@hotmail.com) [gaymoss@hotmail.com](mailto:gaymoss@hotmail.com)

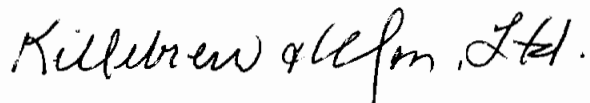
To the City Council  
Page 2  
August 7, 2007

In accordance with *Government Auditing Standards*, we have also issued our report dated August 7, 2007, on our consideration of the City of Greenwood, Mississippi'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis, on pages 3 through 13, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Greenwood, Mississippi's, basic financial statements. The supplemental information, listed in the table of contents on pages 72 through 75, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards on page 76 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the City of Greenwood, Mississippi. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

KILLEBREW & MOSS, LTD.



Certified Public Accountants  
August 7, 2007



## CITY OF GREENWOOD

### *Management's Discussion and Analysis For the Year Ended September 30, 2006*

DEIRDRE R. MAYES  
CITY CLERK

OFFICE: 662-453-2246  
FAX: 662-451-9075

The discussion and analysis of The City of Greenwood's (the City) financial performance provides an overall review of the City's financial activities for the year ended September 30, 2006. The intent of this discussion and analysis is to look at the City's financial performance as a whole. Readers should also review the basic financial statements to enhance their understanding of the City's financial performance.

#### **Financial Highlights:**

Key financial highlights for 2006 were as follows:

- The assets of the City of Greenwood exceeded its liabilities at the close of the 2006 fiscal year by \$ 82,157,245. Of this amount, there is \$ 21,512,914 in *unrestricted net assets* that can be used to meet the City's ongoing obligations to its citizens and creditors.
- The government's total net assets increased by \$ 5,234,172.
- The total assets of governmental activities increased by \$ 6,381,486.
- The City's governmental funds reported total ending fund balance of \$ 7,059,955 this year. This compares to the prior year ending fund balance of \$ 4,472,634 showing an increase of \$ 2,587,227 and a prior period adjustment increase of \$ 94 during the current year. Approximately 36% of this total, \$ 2,531,147 is available for spending at the government's discretion.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$ 2,531,147 or 26% of total General Fund expenditures including transfers and 26% of total General Fund revenues including transfers.

#### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The City also includes in this report additional information to supplement the basic financial statements.

#### ***Government-wide Financial Statements***

The City's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the City's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting.

The first of these government-wide statements is the *Statement of Net Assets*. This is the City-wide statement of financial position presenting information that includes all of the

City's assets and liabilities, with the difference reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City as a whole is improving or deteriorating.

The second government-wide statement is the *Statement of Activities*, which reports how the City's net assets changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid.

Both government-wide financial statements distinguish governmental activities of the City that are principally supported by taxes and intergovernmental revenues, such as grants, from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety, public works, health, welfare, culture and recreation, interest on long-term debt, miscellaneous appropriations and industrial development. Business-type activities include sewer and solid waste management and electric/water utilities. Fiduciary funds of which the city only has agency funds are reported in the fiduciary fund financial statement, but are excluded from government-wide reporting. Fiduciary fund financial statements report resources that are not available to fund City programs. Fiduciary fund financial statements report similarly to proprietary funds.

The government-wide financial statements include the City of Greenwood and Greenwood Utilities (a blended component unit) shown as the primary government and two organizations for which the City is accountable, the Tourism Commission and the Public Library, discretely presented component units. Financial information for the discretely presented component units are reported separately from the financial information presented for the primary government itself. Financial statements for these agencies can be obtained at the following addresses:

- Greenwood Tourism Commission, 111 East Market St., Greenwood, MS 38930
- Greenwood-Leflore Public Library, 405 West Washington St., Greenwood, MS 38930
- Greenwood Utilities, 101 Wright Place, Greenwood, MS 38930

The government-wide financial statements can be found on pages 14-16 of this report.

### ***Fund Financial Statements***

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The City uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation.

The analysis of the City's major funds begins on page 17. Fund financial reports provide detailed information about the City's major funds. Based on restrictions on the use of monies, the City has established many funds, which account for the multitude of services provided to the City's residents. However, these fund financial statements focus on the City's most significant funds. In the case of the City of Greenwood, the City's major

governmental fund is the General Fund, and the major proprietary funds are the Sewage Enterprise Fund and Greenwood Utilities Fund.

### **Governmental Funds**

All of the City's activities are reported in the governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future on services provided to the City's residents. The relationship between governmental activities and governmental funds is reconciled in the financial statements.

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

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

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

### **Proprietary Funds**

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

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

The basic proprietary fund financial statements can be found on pages 24-27 of this report.

**Notes to the Financial Statements**

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

The notes to the financial statements can be found on pages 29-71 of this report.

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

You will note that the statement of net assets looks at the City as a whole. Table 1 provides a summary of the City's net assets for 2006 compared to 2005.

**Table 1  
Net Assets  
(amounts expressed in thousands)**

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
<b>Assets</b>						
Current & other assets	\$ 11,719	\$ 9,066	\$ 26,408	\$ 23,699	\$ 38,127	\$ 32,765
Capital assets, net	22,359	18,630	51,782	48,403	74,141	67,033
<b>Total Assets</b>	<b>\$ 34,078</b>	<b>\$ 27,696</b>	<b>\$ 78,190</b>	<b>\$ 72,102</b>	<b>\$ 112,268</b>	<b>\$ 99,798</b>
<b>Liabilities</b>						
Current & other liabilities	\$ 4,437	\$ 4,282	\$ 4,279	\$ 3,087	\$ 8,716	\$ 7,369
Long-term liabilities						
Due within one year	950	852	761	952	1,711	1,804
Due in more than one year	9,978	6,323	9,707	7,379	19,685	13,702
<b>Total Liabilities</b>	<b>\$ 15,365</b>	<b>\$ 11,457</b>	<b>\$ 14,747</b>	<b>\$ 11,418</b>	<b>\$ 30,112</b>	<b>\$ 22,875</b>
<b>Net Assets</b>						
Invested in capital assets, net of related debt	\$ 14,082	\$ 11,662	\$ 41,858	\$ 40,212	\$ 55,940	\$ 51,874
Restricted:						
Capital projects	2,437	273	-	-	2,437	273
Debt service	531	525	997	590	1,528	1,115
Community development projects	738	736	-	-	738	736
Unrestricted	925	3,043	20,588	19,882	21,513	22,925
<b>Total Net Assets</b>	<b>\$ 18,713</b>	<b>\$ 16,239</b>	<b>\$ 63,443</b>	<b>\$ 60,684</b>	<b>\$ 82,156</b>	<b>\$ 76,923</b>

At the end of the current fiscal year, the City of Greenwood was able to report positive balances in all three categories of net assets, both for the City as a whole and for its separate governmental and business type activities.

The largest portion of the city's net assets (68%) reflects its investment in capital assets (e.g. land, buildings, machinery and equipment) less any related debt used to acquire those assets that is still outstanding. Although the city's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to repay these liabilities. Total assets increased by \$ 12,470,143. Capital assets increased

by \$ 7,108,065. Net assets of the City's governmental activities increased \$2,473,926 that included a prior period adjustment of \$2,438,750 of which \$2,438,656 was an adjustment to record streets acquired prior to 2003 at book value as of September 30, 2005. Unrestricted assets are sufficient to pay liabilities payable from unrestricted assets.

Table 2 provides a summary of the Changes in Net Assets government-wide for the year ended September 30, 2006, compared to the year ended September 30, 2005.

**Table 2**  
**Changes in Net Assets**  
**(amounts expressed in thousands)**

	Governmental		Business-type		Total	
	Activities		Activities		2006	2005
	2006	2005	2006	2005	2006	2005
<b>Revenues:</b>						
Program revenues						
Charges for services	\$ 865	\$ 859	\$ 35,522	\$ 31,339	\$ 36,387	\$ 32,198
Operating grants & contributions	352	202	-	-	352	202
Capital grants & contributions	45	4,558	471	99	516	4,657
General revenues						
Property taxes	3,965	3,899	-	-	3,965	3,899
Sales taxes	4,184	3,997	-	-	4,184	3,997
Franchise taxes	229	197	-	-	229	197
Investment earnings	172	112	643	397	815	509
Gain(loss) on sale/retirement of fixed assets	(29)	(46)	(9)	(13)	(38)	(59)
Grants & contributions not restricted to specific programs	194	184	-	-	194	184
<b>Total revenues</b>	<b>9,977</b>	<b>13,962</b>	<b>36,627</b>	<b>31,822</b>	<b>46,604</b>	<b>45,784</b>
<b>Expenses:</b>						
General government	1,130	1,141	-	-	1,130	1,141
Public safety	6,310	6,337	-	-	6,310	6,337
Public works	2,202	1,896	-	-	2,202	1,896
Health, welfare & sanitation	5	31	-	-	5	31
Culture & recreation	330	333	-	-	330	333
Interest on long-term debt	370	309	-	-	370	309
Miscellaneous appropriations	465	501	-	-	465	501
Industrial development	205	188	-	-	205	188
Sewer	-	-	1,648	1,667	1,648	1,667
Solid waste	-	-	1,751	1,716	1,751	1,716
Electric/water	-	-	29,386	24,631	29,386	24,631
<b>Total expenses</b>	<b>11,017</b>	<b>10,736</b>	<b>32,785</b>	<b>28,014</b>	<b>43,802</b>	<b>38,750</b>
Increase in net assets before transfers	\$ (1,040)	\$ 3,226	\$ 3,842	\$ 3,808	\$ 2,802	\$ 7,034
Transfers	1,075	908	(1,075)	(908)	-	-
<b>Change in net assets</b>	<b>35</b>	<b>4,134</b>	<b>2,767</b>	<b>2,900</b>	<b>2,802</b>	<b>7,034</b>
Net assets - October 1	16,239	12,079	60,684	56,604	76,923	68,683
Prior period adjustments	2,439	26	(7)	1,180	2,432	1,206
<b>Net assets - September 30</b>	<b>\$ 18,713</b>	<b>\$ 16,239</b>	<b>\$ 63,444</b>	<b>\$ 60,684</b>	<b>\$ 82,157</b>	<b>\$ 76,923</b>

The decrease in net assets before transfers identified in Table 2 for governmental activities is because expenditures exceeded revenues. Revenues exceeded expenses in business type activities resulting in an increase in net assets before transfers.

### **Governmental Activities**

Several revenues sources fund our Governmental Activities. Under the accrual basis of accounting, sales taxes accounted for \$4,184,245 or 48% of general revenues less transfers and property taxes accounted for \$3,965,079 or 45.5% of general revenues less transfers.

Major expense activities, under the accrual basis of accounting, include public safety accounted for 57% of total governmental activities expenses, public works accounted for 20% and general government accounted for 10%. The City of Greenwood is committed to providing the best services possible for its citizens.

### **Business-type Activities**

User fees fund our business-type activities. User fees accounted for \$35,522,112 or 97% of gross revenues and capital contributions accounted for \$471,021 or 1.3% of gross revenues.

Major expense activities include electric/water accounting for 90% of total expenses, sewer accounting for 5% and solid waste accounting for 5%.

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

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

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

As of the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$ 7,059,955, an increase of \$ 2,587,314 in comparison with the prior year. Approximately 36% of the City's governmental fund balance, \$2,531,147, constitutes unreserved fund balance that is available for spending at the City's discretion. Of the remaining fund balance, \$821,835 is unreserved to be spent for special projects, \$2,437,224 is unreserved to be spent for capital projects, \$531,130 is reserved for debt service and \$738,619 is reserved for community development purposes.

Information about the City's major governmental funds begins on page 17. These funds are accounted for using the modified accrual basis of accounting. Total governmental revenues were \$9,981,859 and total governmental expenditures were \$12,844,995.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$2,531,147 compared to

\$2,449,618 in 2005. The general fund's fund balance increased by \$81,529.

### 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 2006, the City amended its general fund budget as needed. Recommendations for a budget amendment originate with the department head, are approved by the Mayor and submitted to the City Clerk to be placed on the agenda for City Council approval. The City does not allow budget changes that modify line items within departments without Council approval. With the General Fund supporting many of our major activities such as police and fire protection, legislative and executive activities, and recreational activities, the General Fund is monitored closely looking for possible revenue shortfalls or overspending by individual departments. The General Fund's original budgeted revenues were \$8,692,748 and final budgeted revenues were \$8,692,748. Actual revenue collections were \$8,700,089. The major factor contributing to the increase in actual revenue over budgeted amounts was that sales tax collections exceeded the amount projected. General fund operating expenditures were \$9,715,746 compared to the final budget amount of \$10,785,877.

The City of Greenwood's ending unencumbered cash balance in the General Fund was \$1,360,489 over the final budgeted amount.

### Capital Assets and General Long-Term Obligations

#### Capital Assets

**Table 3**  
**Capital Assets (Net of Depreciation) at September 30, 2006**  
**(amounts expressed in thousands)**

	Governmental		Business-type		Total	
	Activities		Activities			
	2006	2005	2006	2005	2006	2005
Land	\$ 3,329	\$ 3,080	\$ 232	\$ 232	\$ 3,561	\$ 3,312
Infrastructure	11,831	8,476	42,914	43,113	54,745	51,589
Building & improvements	5,346	5,034	2,231	2,359	7,577	7,393
Mobile equipment	1,037	1,162	803	1,616	1,840	2,778
Mobile and other equipment	-	-	1,640	-	1,640	-
Equipment & furniture	177	200	47	779	224	979
Capital leases	374	373	-	-	374	373
Construction in progress	265	305	3,915	304	4,180	609
	<b>\$ 22,359</b>	<b>\$ 18,630</b>	<b>\$ 51,782</b>	<b>\$ 48,403</b>	<b>\$ 74,141</b>	<b>\$ 67,033</b>

The primary increases to capital assets were: (a) in the infrastructure category due to the valuation and addition of city streets (b) in the land and building and improvements categories due to the purchase of the Old Rocky Manufacturing Building, purchased to be renovated for the Viking Range Product Center. Construction in progress includes the Viking's Cap Loan Rocky Manufacturing Building Renovation Project, the Wastewater

Sewer Rehabilitation Phase IV Project, the West Park Avenue Street Improvement Project, the Yazoo Boat Ramp Project and a Wastewater Effluent Project at the wastewater treatment plant. Upon completion of the construction in progress projects, the total construction costs will be added to building or infrastructure, as applicable, and depreciation will begin in that fiscal year.

**General Long-Term Obligations**

At September 30, 2006, the City of Greenwood had \$9,575,000 in outstanding general obligation bonds, \$360,000 in general obligation bonds payable out of business-type activities, \$882,530 in notes payable with the Mississippi Development Authority, and \$7,019,171 in state revolving loans with the Mississippi Department of Environmental Quality.

The city's legal debt margin for the issuance of general obligation bonds at September 30, 2006, was \$7,563,711.

Table 4 compares the total outstanding long-term obligations of the city at September 30, 2006 to 2005 amounts.

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

	Governmental		Business-type		Total	
	Activities		Activities			
	2006	2005	2006	2005	2006	2005
General obligation bonds	\$ 6,515	\$ 3,410	\$ -	\$ -	\$ 6,515	\$ 3,410
General obligation sewer bonds	-	-	360	520	360	520
General obligation bonds-MBIA issue	3,060	3,240	-	-	3,060	3,240
State revolving loans	-	-	9,943	7,430	9,943	7,430
Note payable	883	8	-	-	883	8
Capacity loan	-	-	-	206	-	206
Compensated absences	193	206	137	139	330	345
Capital leases	195	250	-	-	195	250
	<b>\$ 10,846</b>	<b>\$ 7,114</b>	<b>\$ 10,440</b>	<b>\$ 8,295</b>	<b>\$ 21,286</b>	<b>\$ 15,409</b>

The general obligation bonds for the governmental activities are being repaid by an annual debt service tax levy. The general obligation sewer bonds for the business-type activities are being repaid by a sewer add-on charge. The general obligation bonds for the MBIA issue are being repaid by Milwaukee Electric Tool Corporation in the form of monthly rents of \$24,864.

The state revolving loans are repaid by a reduction in sales tax revenue received from the State Tax Commission monthly; however, the Sewage Enterprise Fund reimburses the General Fund for the reduction monthly.

The note payable, as listed above, will be repaid by Viking Range Corporation in the form of monthly rents of \$12,553 beginning upon completion of the renovation of the Rocky Manufacturing building.

The annual requirements to amortize long-term debt outstanding as of September 30, 2006, including interest, by source of retirement are presented in Table 5 for bonds and notes.

**Table 5**  
**Annual Cash Demand by Type of Debt**  
**(amounts expressed in thousands)**

FYE	Notes				State	TOTAL
	G O Bonds	G O Sewer Bonds	Payable Loan	CAP MBIA	Revolving Loans	
2007	705	361	50	269	670	2,055
2008	712	388	150	264	670	2,184
2009	702	-	150	258	670	1,780
2010	701	-	150	253	670	1,774
2011	448	-	150	248	670	1,516
Thereafter	5,999	-	856	2,548	5,448	14,851
<b>Total</b>	<b>\$ 9,267</b>	<b>\$ 749</b>	<b>\$ 1,506</b>	<b>\$ 3,840</b>	<b>\$ 8,798</b>	<b>\$ 24,160</b>

The capital leases, shown in Table 6 below, are comprised of an AS400 computer upgrade for the City Clerk's Office and two fire trucks, a Ferrara Rescue/Pumper Truck and a Ferrara Spartan Pumper Truck, for the Fire Department.

**Table 6**  
**Annual Cash Demand for Capital Leases**

FYE	AS400 Capital Lease	Fire Trucks Capital Lease	TOTAL
2007	\$ 17,016	\$ 47,113	\$ 64,129
2008	5,672	47,113	52,785
2009	-	47,113	47,113
2010	-	47,112	47,112
<b>Total</b>	<b>\$ 22,688</b>	<b>\$ 188,451</b>	<b>\$ 211,139</b>

The compensated absences liability identified in Table 4 refers to the current balance of what has been earned as a termination benefit that will be paid over time as people leave or retire. Under GAAP reporting, this liability must be reported as compensated absences at year-end due to the language in our personnel policies to the effect that the employee has "earned" the compensation. The city does not provide a specific budget for this portion of the liability. These amounts are paid, when due, from the department's annual personnel services budget.

Additional information on the City of Greenwood's long-term debt can be found in Note 3 on pages 52-58.

### **Current Financial Related Activities**

The City of Greenwood is financially stable. The City is committed to maintaining that financial stability without substantial tax or fee increases, when possible. The City maintains an excellent system of financial planning, budgeting, and internal financial controls. The City will continue its sound fiscal management in an attempt to meet the challenges of the future.

The general outlook for the City's finances is positive. We continue to experience growth in the city. The new Walgreen's (150,000 square feet), a new Stage store, and a new Claire's store opened in FY2007 and are expected to boost retail sales in the City. The Dollar Tree store was expanded and moved to a new location. A proposed sub shop is being considered for part of the old Dollar Tree location with the other part housing the new Claire's store. Several spec buildings for retail stores are being constructed in the new Wal-Mart store area. Construction began in FY2007 on the downtown branch of Citizens Bank and should be completed in FY2008. There continues to be a number of private renovations of commercial property in the downtown area and in other commercial areas of the city.

The new Holiday Inn Express opened in FY2007, a five (5)-story hotel, locally owned and operated. Groundwork has begun for the construction of a Comfort Inn and Suites hotel. New construction continues in the area of the new street, Sgt. John A. Pittman Drive.

The City leased space in the old National Picture Frame building on Commerce Street to a new employer, Custom Programs & Packaging, Inc., in FY2007, bringing new jobs to the City.

Our economy was stimulated by the issuance in FY2006 of \$3.5 million in bonds. Over a million dollars of street overlay was completed in early FY2006. In FY2007, bond funds were used to complete construction of a new boat landing. Construction also began in FY2007 on the widening of West Park Avenue which is also a project financed with FY2006 bond funds. The remaining bond funds will be used for other infrastructure improvements including but not limited to sidewalks, parking lots, street overlay and park improvements as approved by the City Council.

The City entered into an agreement for a water pollution-control revolving loan to upgrade the wastewater treatment plant. This project began in FY2006. Sewer rates were increased in FY2007 to meet the loan obligations. This project should be completed in early FY2008.

The City entered into a contract in FY2007 with the Mississippi Department of Transportation for a \$1,300,000 transportation enhancement grant for the purpose of creating the Howard Street historical transportation connector as a link between the three important transportation entities in the City; the Yazoo River (historic Keeler Bridge), rail (depot sites of the Columbus and Greenville Railway Company and the Canadian National Railway); and highway (Old U.S. Highway 82/49 corridor).

The 1.3 million dollar Viking CAP Loan Project was completed in FY2007. The old Rocky Manufacturing building was renovated and is now the Viking Product Support Center.

**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 Deirdre Mayes, City Clerk, at 662-453-2246.

**BASIC FINANCIAL STATEMENTS**

**CITY OF GREENWOOD**  
**Statement of Net Assets**  
**September 30, 2006**

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>	<u>Component Units</u>
<b>ASSETS</b>				
Cash and equivalents	\$ 5,870,638	\$ 6,472,512	\$ 12,343,150	\$ 398,524
Investments	-	1,384,381	1,384,381	-
Receivables				
Accounts, net	-	3,445,376	3,445,376	-
Property taxes	4,055,782	-	4,055,782	-
Other	179,898	2,017,998	2,197,896	99
Internal balances	81,800	(81,800)	-	-
Due from other governmental agencies	865,822	240,898	1,106,720	67,407
Inventories	-	2,060,356	2,060,356	-
Prepaid items	23,704	310,040	333,744	3,052
Other assets	-	-	-	-
Non-current assets				
Notes receivable	641,385	-	641,385	-
Restricted assets				
Cash and cash equivalents	-	114,588	114,588	42,172
Investments	-	10,290,619	10,290,619	-
Interest receivable	-	153,540	153,540	-
Capital assets				
Land	3,329,589	232,095	3,561,684	-
Infrastructure	11,830,912	42,913,715	54,744,627	-
Buildings and improvements	5,345,748	2,230,558	7,576,306	84,023
Equipment and furniture	177,299	46,507	223,806	37,204
Mobile equipment	1,037,210	803,382	1,840,592	13,610
Mobile and other equipment	-	1,640,380	1,640,380	-
Library books and materials	-	-	-	106,596
Capital leases	373,505	-	373,505	-
Construction in progress	264,965	3,915,400	4,180,365	-
Total assets	<u>\$ 34,078,257</u>	<u>\$ 78,190,545</u>	<u>\$ 112,268,802</u>	<u>\$ 762,687</u>
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	337,041	3,136,256	3,473,297	4,258
Due to other governmental agencies	7,214	58,695	65,909	-
Other payables	126,543	-	126,543	-
Sales tax payable	-	66,497	66,497	-
Deferred revenues	3,966,141	-	3,966,141	-
Payable from restricted assets				
Accounts payable	-	50,302	50,302	-
Customer deposits	-	856,287	856,287	-
Unemployment compensation allowance	-	24,000	24,000	-
Group medical insurance claims payable	-	86,895	86,895	-
Long-term liabilities				
Due within one year				
Bonds, capital leases and contracts	674,856	596,031	1,270,887	-
Accrued interest	81,968	27,848	109,816	-
Compensated absences	193,207	136,774	329,981	1,464
Due in more than one year				
Bonds, capital leases and contracts	9,977,786	9,707,216	19,685,002	-
Total liabilities	<u>\$ 15,364,756</u>	<u>\$ 14,746,801</u>	<u>\$ 30,111,557</u>	<u>\$ 5,722</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	14,081,927	41,858,096	55,940,023	251,434
Restricted for:				
Capital projects	2,437,224	-	2,437,224	-
Debt service	531,131	997,334	1,528,465	-
Community development projects	738,619	-	738,619	-
Purchase of genealogy materials	-	-	-	8,246
Production of income to purchase books	-	-	-	10,000
Miss State unemployment revolving fund	-	-	-	4,502
Standards-based library automation system	-	-	-	19,424
Unrestricted	924,600	20,588,314	21,512,914	463,359
Total net assets	<u>\$ 18,713,501</u>	<u>\$ 63,443,744</u>	<u>\$ 82,157,245</u>	<u>\$ 756,965</u>

See accompanying notes to the basic financial statements.

**CITY OF GREENWOOD**  
**Statement of Activities**  
**For the Year Ended September 30, 2006**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary government</b>				
Governmental Activities				
General Government	\$ 1,130,850	\$ 136,110	\$ -	\$ -
Public Safety	6,309,895	306,744	197,620	10,215
Public Works	2,202,522	105,763	154,745	29,955
Health & Welfare	4,756	-	-	-
Culture and Recreation	329,577	17,603	-	-
Interest on Long-term debt	370,501	298,375	-	-
Miscellaneous Appropriations	464,629	-	-	-
Industrial Development	204,674	-	-	5,173
Total governmental activities	<u>11,017,404</u>	<u>864,595</u>	<u>352,365</u>	<u>45,343</u>
Business-type activities				
Sewer	1,647,588	1,684,609	-	403,403
Solid Waste	1,750,833	1,482,857	-	-
Electric/Water	29,386,456	32,354,646	-	67,618
Total business-type activities	<u>32,784,877</u>	<u>35,522,112</u>	<u>-</u>	<u>471,021</u>
Total primary government	<u>\$ 43,802,281</u>	<u>\$ 36,386,707</u>	<u>\$ 352,365</u>	<u>\$ 516,364</u>
<b>Component Units</b>				
Tourism Commission	\$ 296,541	\$ -	\$ 27,076	\$ -
Public Library	470,923	13,100	103,766	-
Total component units	<u>\$ 767,464</u>	<u>\$ 13,100</u>	<u>\$ 130,842</u>	<u>\$ -</u>

**General revenues:**

Taxes:

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

Payments from the city and county

Grants and contributions not restricted to specific programs

Unrestricted investment earnings

Miscellaneous

Gain (Loss) on disposal and sale of assets

Transfers

Total general revenues, special items, and transfers

Change in net assets

Net assets at beginning of year

Prior period adjustment

Net assets - ending

**Net (Expense) Revenue and Changes in Net Assets**  
**Primary Government**

<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>	<u>Component Units</u>
\$ (994,740)		\$ (994,740)	
(5,795,316)		(5,795,316)	
(1,912,059)		(1,912,059)	
(4,756)		(4,756)	
(311,974)		(311,974)	
(72,126)		(72,126)	
(464,629)		(464,629)	
(199,501)		(199,501)	
<u>(9,755,101)</u>		<u>(9,755,101)</u>	
	\$ 440,424	440,424	
	(267,976)	(267,976)	
	<u>3,035,808</u>	<u>3,035,808</u>	
	<u>3,208,256</u>	<u>3,208,256</u>	
<u>(9,755,101)</u>	<u>3,208,256</u>	<u>(6,546,845)</u>	
			\$ (269,465)
			<u>(354,057)</u>
			<u>(623,522)</u>
3,414,343	-	3,414,343	-
550,736	-	550,736	-
229,054	-	229,054	-
4,184,245	-	4,184,245	-
-	-	-	372,968
-	-	-	366,800
194,401	-	194,401	2,900
171,930	642,821	814,751	4,470
-	-	-	94
(29,249)	(9,339)	(38,588)	-
1,074,818	(1,074,818)	-	-
<u>9,790,278</u>	<u>(441,336)</u>	<u>9,348,942</u>	<u>747,232</u>
35,177	2,766,920	2,802,097	123,710
16,239,574	60,683,499	76,923,073	633,255
2,438,750	(6,675)	2,432,075	-
<u>\$ 18,713,501</u>	<u>\$ 63,443,744</u>	<u>\$ 82,157,245</u>	<u>\$ 756,965</u>

See accompanying notes to the basic financial statements.

**CITY OF GREENWOOD**  
**Balance Sheet**  
**Governmental Funds**  
**September 30, 2006**

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,762,031	\$ 4,010,463	\$ 5,772,494
Due from other funds	195,393	-	195,393
Receivable from other governments	800,568	65,254	865,822
Other receivables	22,624	124	22,748
Notes receivable	-	641,385	641,385
Prepaid expenses	206	-	206
Total assets	2,780,822	4,717,226	7,498,048
 <b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	157,148	126,591	283,739
Due to other funds	37,006	41,570	78,576
Other accrued expenses	53,302	-	53,302
Other payables	2,219	20,257	22,476
Total liabilities	249,675	188,418	438,093
 Fund balances:			
Reserved for:			
Debt service	-	531,130	531,130
Community development purposes	-	738,619	738,619
Unreserved	2,531,147	-	2,531,147
Unreserved, reported in non-major:			
Special revenue funds	-	821,835	821,835
Capital projects funds	-	2,437,224	2,437,224
Total fund balances	2,531,147	4,528,808	7,059,955
Total liabilities and fund balances	\$ 2,780,822	\$ 4,717,226	\$ 7,498,048

**CITY OF GREENWOOD**  
**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net**  
**Assets**  
**September 30, 2006**

Total fund balance, governmental funds	\$	7,059,955
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in this fund financial statement but are reported in the governmental activities of the Statement of Net Assets.		22,359,228
Prepaid expenses used in governmental activities are not current financial resources and, therefore, are not reported in this fund financial statement but are reported in the governmental activities of the Statement of Net Assets		23,498
Certain other long-term assets are not available to pay current period expenditures and, therefore, are not reported in this fund financial statement but are reported in the governmental activities of the Statement of Net Assets.		4,941,299
The assets and liabilities of certain internal service funds are not included in the fund financial statement but are included in the governmental activities of the Statement of Net Assets.		98,524
Some liabilities, (such as Deferred Revenues, Notes Payable, Capital Leases Contracts Payable, Long-term Compensated Absences, and Bonds Payable ), are not due and payable in the current period and are not included in the fund financial statement but are included in the governmental activities of the Statement of Net Assets.		(15,769,003)
Net Assets of Governmental Activities in the Statement of Net Assets		18,713,501

See accompanying notes to the basic financial statements.

**CITY OF GREENWOOD**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended September 30, 2006**

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>			
Property taxes	\$ 3,407,074	\$ 550,736	\$ 3,957,810
General sales tax	4,184,245	-	4,184,245
Fees and fines	225,604	6,819	232,423
Licenses and permits	300,492	-	300,492
Intergovernmental	399,987	305,603	705,590
Charges for services	28,451	-	28,451
Investment earnings	50,795	113,723	164,518
Miscellaneous	97,330	311,000	408,330
Total revenues	<u>8,693,978</u>	<u>1,287,881</u>	<u>9,981,859</u>
<b>EXPENDITURES</b>			
Current:			
General government	1,110,894	-	1,110,894
Public safety	5,905,993	151,013	6,057,006
Public works	1,732,690	104,536	1,837,226
Health and sanitation	-	4,756	4,756
Culture and recreation	293,085	14,806	307,891
Miscellaneous appropriations	464,629	-	464,629
Industrial development	-	113,978	113,978
Debt Service:			
Principal	15,822	614,668	630,490
Interest and other charges	1,194	347,895	349,089
Capital Outlay	144,741	1,824,295	1,969,036
Total Expenditures	<u>9,669,048</u>	<u>3,175,947</u>	<u>12,844,995</u>
Excess (deficiency) of revenues over expenditures	<u>(975,070)</u>	<u>(1,888,066)</u>	<u>(2,863,136)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from long-term debt	-	4,375,045	4,375,045
Sale of real estate	-	-	-
Sale of personal property	500	-	500
Transfers in	1,079,662	717,760	1,797,422
Transfers out	(23,229)	(699,375)	(722,604)
Total other financing sources and uses	<u>1,056,933</u>	<u>4,393,430</u>	<u>5,450,363</u>
Net change in fund balances	81,863	2,505,364	2,587,227
Fund balances - beginning	2,449,618	2,023,016	4,472,634
Prior period adjustment	(334)	428	94
Fund balances - ending	<u>\$ 2,531,147</u>	<u>\$ 4,528,808</u>	<u>\$ 7,059,955</u>

**CITY OF GREENWOOD**  
**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, 2006**

Net change in fund balances - total governmental funds:	\$	2,587,227
<p>Amounts reported for Governmental Activities in the Statement of Activities are different because:</p>		
<p>Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.</p>		
This is the amount by which capital outlays \$1,969,036 exceeded depreciation \$648,918 in the current period.		1,320,118
<p>Governmental funds report the entire net sales price (proceeds) from sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities reports only the gain (loss) on the sale or disposal of the assets. Thus, the change in net assets differs from the change in fund balance by the cost of the asset sold or disposed.</p>		
		(29,749)
<p>Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned.</p>		
		17,741
<p>Governmental funds report bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of bond principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the amount by which proceeds exceeded repayments.</p>		
		(3,744,555)
<p>Some expenditures reported in the Governmental funds are not expenses of the current period and are reported as prepayments in the Statement of Activities</p>		
Prepaid insurance not reflected in the Governmental Funds		(834)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:</p>		
Accrued interest not reflected on Governmental funds		(21,412)
Accrued compensated absences not reflected in the Governmental funds		13,225
<p>An internal service fund is used by management to charge the costs of certain activities, such as employee benefits to individual funds. The net revenue (expense) of the internal service fund is reported with governmental activities.</p>		
		(106,584)
Change in net assets of governmental activities	\$	<u>35,177</u>

See accompanying notes to the basic financial statements.

**CITY OF GREENWOOD**  
**Budget and Actual (with Variances)**  
**General Fund**  
**For the year ended September 30, 2006**

	<u>Budgeted Amounts</u>		<u>Actual Amounts,</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget -</u>
			<u>(See Note A)</u>	<u>Positive</u>
				<u>(Negative)</u>
<b>REVENUES</b>				
Property taxes	\$ 3,528,708	\$ 3,528,708	\$ 3,413,806	\$ (114,902)
Fees and fines	280,000	280,000	225,604	(54,396)
Licenses and permits	271,080	271,080	309,334	38,254
Intergovernmental	4,476,570	4,476,570	4,574,269	97,699
Charges for services	18,170	18,170	28,451	10,281
Investment earnings	60,000	60,000	50,795	(9,205)
Miscellaneous	58,220	58,220	97,830	39,610
Total revenues	<u>8,692,748</u>	<u>8,692,748</u>	<u>8,700,089</u>	<u>7,341</u>
<b>EXPENDITURES</b>				
General government				
Supervision and finance				
Personnel services	432,203	432,203	411,260	20,943
Supplies	3,200	3,200	2,768	432
Other services and charges	327,315	307,315	163,132	144,183
Capital outlay	4,000	4,000	-	4,000
City clerk's office				
Personnel services	213,619	213,619	197,201	16,418
Supplies	11,500	13,500	11,073	2,427
Other services and charges	46,600	46,600	37,345	9,255
Capital outlay	6,000	4,000	3,311	689
Capital lease expense	17,500	17,500	17,016	484
City hall building maintenance				
Supplies	12,500	13,500	11,478	2,022
Other services and charges	227,500	232,500	185,946	46,554
Capital outlay	5,000	4,000	-	4,000
Personnel office				
Personnel services	81,012	81,012	78,618	2,394
Supplies	3,300	3,000	2,266	734
Other services and charges	8,900	9,200	6,148	3,052
Capital outlay	1,000	1,000	85	915
Public safety				
Police department				
Personnel services	2,870,534	2,870,534	2,664,753	205,781
Supplies	300,825	296,825	251,740	45,085
Other services and charges	391,580	383,002	345,340	37,662
Capital outlay	126,200	163,778	156,669	7,109
Municipal court				
Personnel services	105,825	105,825	86,892	18,933
Supplies	3,500	3,700	2,768	932
Other services and charges	11,700	11,500	9,841	1,659
Capital outlay	1,700	1,700	506	1,194
Fire department				
Personnel services	2,399,843	2,399,843	2,270,327	129,516
Supplies	59,874	59,874	52,195	7,679
Other services and charges	78,445	80,945	71,047	9,898
Inspection division				
Personnel services	176,630	176,630	163,918	12,712
Supplies	6,600	6,600	5,529	1,071
Other services and charges	5,500	5,400	3,397	2,003
Capital outlay	1,500	1,600	1,585	15
Public works				
Engineering division				
Personnel services	77,840	77,840	75,348	2,492
Supplies	43,600	41,100	30,583	10,517
Other services and charges	23,000	23,500	13,989	9,511
Capital outlay	5,000	5,000	3,572	1,428
Street division				
Personnel services	624,074	624,074	631,067	(6,993)
Supplies	342,625	361,625	354,895	6,730
Other services and charges	236,700	290,200	272,503	17,697
Capital outlay	172,500	145,000	21,311	123,689

	<u>Budgeted Amounts</u>		<u>Actual Amounts,</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget -</u>
			<u>(See Note A)</u>	<u>Positive</u>
				<u>(Negative)</u>
<b>EXPENDITURES (Continued)</b>				
Equipment maintenance division				
Personnel services	253,178	248,178	234,823	13,355
Supplies	30,525	33,025	30,935	2,090
Other services and charges	24,600	39,700	38,432	1,268
Capital outlay	1,000	400	302	98
Inventory control division				
Personnel services	33,645	33,645	28,724	4,921
Supplies	19,900	20,400	12,216	8,184
Other services and charges	1,600	1,600	364	1,236
Capital outlay	500	-	-	-
Culture and recreation				
Park division recreation				
Personnel services	35,089	35,089	30,568	4,521
Supplies	4,000	4,000	2,591	1,409
Other services and charges	5,000	5,000	1,212	3,768
Park division maintenance				
Personnel services	189,487	189,487	166,920	22,567
Supplies	43,990	50,290	44,778	5,512
Other services and charges	38,500	45,500	40,977	4,523
Capital outlay	37,000	28,700	-	28,700
Senior citizens center				
Supplies	1,900	1,900	1,593	307
Other services and charges	5,150	5,150	4,260	890
Capital outlay	-	-	-	-
Miscellaneous appropriations				
Civil defense	22,113	22,113	22,113	-
Main Street project	12,500	12,500	12,500	-
Armory	20,000	20,000	13,253	6,747
Library	195,935	195,935	194,865	1,070
Industrial Board	99,065	99,065	73,184	25,881
Humane Society	5,000	5,000	-	5,000
Chamber of Commerce-Christmas decorations	6,500	6,500	6,500	-
Cemetery	10,000	10,000	-	10,000
Red Cross	3,000	3,000	-	3,000
Other utility appropriations	30,000	36,000	33,916	2,084
Airport	96,456	96,456	96,456	-
Youth services appropriation	12,500	12,500	4,342	8,158
Chamber of Commerce-Fourth of July	2,500	2,500	2,500	-
Total Expenditures	<u>10,707,377</u>	<u>10,785,877</u>	<u>9,715,746</u>	<u>1,070,131</u>
Excess (deficiency) of revenues over expenditures	<u>(2,014,629)</u>	<u>(2,093,129)</u>	<u>(1,015,657)</u>	<u>1,077,472</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale capital assets	-	-	-	-
Transfers in	1,024,000	1,102,500	1,068,318	(34,182)
Transfers out	(98,500)	(98,500)	(16,778)	81,722
Total other financing sources and uses	<u>925,500</u>	<u>1,004,000</u>	<u>1,051,540</u>	<u>47,540</u>
Net change in fund balances	(1,089,129)	(1,089,129)	35,883	1,125,012
Budgetary fund balance - beginning	1,089,129	1,089,129	2,449,618	1,360,489
Prior period adjustment	-	-	(334)	(334)
Budgetary fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,485,167</u>	<u>\$ 2,485,167</u>

**CITY OF GREENWOOD**  
**Note to Budgetary Comparison Schedule**  
**General Fund**  
**For the year ended September 30, 2006**

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

**Sources/inflows of resources:**

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 8,700,089
Differences - budget to GAAP:	
Amounts due from the county for auto and mobile home ad valorem at year end are revenues for financial reporting purposes	(6,732)
The amount due from the state for sales tax at year end is revenue for financial reporting purposes	13,505
Amounts due from franchisees at year end is revenue for financial reporting purposes	(8,842)
Amounts due from grantors at year end is revenue for financial reporting purposes	(3,542)
The proceeds from the sale of personal property are budgetary resources but are regarded as other financing sources, rather than revenue, for financial reporting purposes	<u>(500)</u>
 Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	 <u>\$ 8,693,978</u>

**Uses/outflows of resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 9,715,746
Differences - budget to GAAP:	
The City does not record accrued salaries for budgetary reporting purposes, only for the modified accrual basis	(51,698)
The City does not record the appropriation from Greenwood Utilities for the 4th of July, only for the modified accrual basis	5,000
The City does not record the transfer of fixed assets from business-type activities to governmental activities for budgetary reporting purposes, only for the modified accrual basis	-
The City does not record the reimbursement of labor for budgetary purposes, only for the modified accrual basis	<u>-</u>
 Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	 <u>\$ 9,669,048</u>

**CITY OF GREENWOOD**  
**Statement of Net Assets**  
**Proprietary Funds**  
**September 30, 2006**

	<u>Enterprise Funds</u>				
	<u>Sewage</u> <u>Enterprise Fund</u>	<u>Greenwood</u> <u>Utilities Fund</u>	<u>Other Enterprise</u> <u>Funds</u>	<u>Total</u>	<u>Internal Service</u> <u>Fund</u>
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 3,316,942	\$ 2,473,422	\$ 682,148	\$ 6,472,512	\$ 98,144
Investments	-	1,384,381	-	1,384,381	-
Accounts receivable, net	3,306	3,436,957	5,113	3,445,376	146,678
Deferred charges	-	-	-	-	-
Due from other funds	371,892	50,334	279,157	701,383	-
Due from other governments	187,641	53,257	-	240,898	-
Other receivables	-	2,017,998	-	2,017,998	-
Inventories	-	2,060,356	-	2,060,356	-
Prepaid expenses	9,399	286,542	14,099	310,040	-
<b>Total current assets</b>	<b>3,889,180</b>	<b>11,763,247</b>	<b>980,517</b>	<b>16,632,944</b>	<b>244,822</b>
Non-current assets:					
Restricted Assets:					
Cash and cash equivalents	-	114,588	-	114,588	-
Investments	-	10,290,619	-	10,290,619	-
Interest receivable	-	153,540	-	153,540	-
Capital Assets:					
Land and improvements	10,000	222,095	-	232,095	-
Infrastructure	9,880,068	56,991,756	-	66,871,824	-
Construction in progress	3,865,098	50,302	-	3,915,400	-
Buildings	781,079	4,674,191	-	5,455,270	-
Mobile equipment, furniture and other equ	971,401	3,965,380	1,656,843	6,593,624	-
Less: Accumulated depreciation	(2,312,568)	(27,892,684)	(1,080,925)	(31,286,177)	-
<b>Total non-current assets</b>	<b>13,195,078</b>	<b>48,569,787</b>	<b>575,918</b>	<b>62,340,783</b>	<b>-</b>
<b>Total assets</b>	<b>\$ 17,084,258</b>	<b>\$ 60,333,034</b>	<b>\$ 1,556,435</b>	<b>\$ 78,973,727</b>	<b>\$ 244,822</b>
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts payable	\$ 1,002,553	\$ 1,958,867	\$ 50,679	3,012,099	\$ 104,067
Salaries payable	4,224	115,106	4,827	124,157	-
Accrued interest payable	27,848	-	-	27,848	-
Due to other funds	130,145	688,055	-	818,200	-
Payable to other governments	-	58,695	-	58,695	-
Sales tax payable	-	66,497	-	66,497	-
Compensated absences	16,138	101,339	19,297	136,774	-
Bonds, notes and loans payable	596,031	-	-	596,031	-
<b>Total current liabilities</b>	<b>1,776,939</b>	<b>2,988,559</b>	<b>74,803</b>	<b>4,840,301</b>	<b>104,067</b>
Current Liabilities Payable from Restricted Assets:					
Accounts payable	-	50,302	-	50,302	-
Customer deposits	-	856,287	-	856,287	-
Unemployment compensation allowance	-	24,000	-	24,000	-
Group medical ins claims payable	-	86,895	-	86,895	-
<b>Total current liabilities payable from restricted assets</b>	<b>-</b>	<b>1,017,484</b>	<b>-</b>	<b>1,017,484</b>	<b>-</b>
Non-current liabilities:					
Bonds, notes and loans payable	9,707,216	-	-	9,707,216	-
<b>Total non-current liabilities</b>	<b>9,707,216</b>	<b>-</b>	<b>-</b>	<b>9,707,216</b>	<b>-</b>
<b>Total liabilities</b>	<b>\$ 11,484,155</b>	<b>\$ 4,006,043</b>	<b>\$ 74,803</b>	<b>\$ 15,565,001</b>	<b>\$ 104,067</b>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	-	38,010,215	-	38,010,215	-
Unrestricted	5,600,103	18,316,776	1,481,632	25,398,511	140,755
<b>Total net assets</b>	<b>\$ 5,600,103</b>	<b>\$ 56,326,991</b>	<b>\$ 1,481,632</b>	<b>\$ 63,408,726</b>	<b>\$ 140,755</b>

**CITY OF GREENWOOD**  
**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Year Ended September 30, 2006**

**Enterprise Funds**

	<u>Sewage</u> <u>Enterprise Fund</u>	<u>Greenwood</u> <u>Utilities Fund</u>	<u>Other Enterprise</u> <u>Funds</u>	<u>Total</u>	<u>Internal Service</u> <u>Fund</u>
<b>REVENUES</b>					
Charges for services	\$ 1,422,974	\$ 32,173,833	\$ 1,482,857	\$ 35,079,664	\$ 989,169
Sewer add-on fees	261,635	-	-	261,635	-
Reinsurance funds	-	-	-	-	575,472
Miscellaneous	-	180,813	-	180,813	-
Total operating revenues	<u>1,684,609</u>	<u>32,354,646</u>	<u>1,482,857</u>	<u>35,522,112</u>	<u>1,564,641</u>
<b>OPERATING EXPENSES</b>					
Personal services	659,970	-	836,167	1,496,137	-
Contractual services	262,144	-	572,663	834,807	-
Other supplies and expenses	194,792	-	203,866	398,658	-
Insurance claims and expenses	-	-	-	-	1,718,118
Generating expenses	-	21,969,139	-	21,969,139	-
Distribution expenses	-	1,809,356	-	1,809,356	-
General and administration expenses	-	2,663,495	-	2,663,495	-
Customer account expenses	-	330,141	-	330,141	-
Production expenses	-	339,766	-	339,766	-
Sales expenses	-	15,574	-	15,574	-
Depreciation	229,699	1,988,701	119,229	2,337,629	-
Total operating expenses	<u>1,346,605</u>	<u>29,116,172</u>	<u>1,731,925</u>	<u>32,194,702</u>	<u>1,718,118</u>
Operating income (loss)	<u>338,004</u>	<u>3,238,474</u>	<u>(249,068)</u>	<u>3,327,410</u>	<u>(153,477)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Interest and investment revenue	73,879	548,746	20,196	642,821	7,412
Interest expense	(286,450)	(5,338)	-	(291,788)	-
Miscellaneous expenses	-	-	-	-	-
Expenses paid for the city	-	(38,014)	-	(38,014)	-
Utility appropriations to Greenwood Public Schools	-	(215,847)	-	(215,847)	-
Utility appropriations to Greenwood-Leflore Industrial Board and others	-	(11,085)	-	(11,085)	-
Total non-operating revenue (expenses)	<u>(212,571)</u>	<u>278,462</u>	<u>20,196</u>	<u>86,087</u>	<u>7,412</u>
Income (loss) before contributions and transfers	125,433	3,516,936	(228,872)	3,413,497	(146,065)
Capital grants and contributions	403,403	67,618	-	471,021	-
Transfers in	270,170	-	-	270,170	-
Transfers out	-	(1,344,988)	-	(1,344,988)	-
Gain (loss) on disposal and sale of equipment	(4,115)	(5,224)	-	(9,339)	-
Change in net assets	794,891	2,234,342	(228,872)	2,800,361	(146,065)
Total net assets - beginning	4,811,887	54,092,649	1,710,504	60,615,040	286,820
Prior period adjustments	(6,675)	-	-	(6,675)	-
Total net assets - ending	<u>\$ 5,600,103</u>	<u>\$ 56,326,991</u>	<u>\$ 1,481,632</u>	<u>\$ 63,408,726</u>	<u>\$ 140,755</u>

Change in net assets, per above \$ 2,800,361

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of certain internal service funds is reported with Business Activities. (33,441)

Change in Business-Type Activities in Net Assets per Government-Wide Financial Statements \$ 2,766,920

**CITY OF GREENWOOD**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended September 30, 2006**

	<u>Sewage</u> <u>Enterprise Fund</u>	<u>Greenwood</u> <u>Utilities Fund</u>	<u>Other Enterprise</u> <u>Funds</u>	<u>Total</u>	<u>Governmental</u> <u>Activities -</u> <u>Internal</u> <u>Service Fund</u>
<b>Cash flows from operating activities</b>					
Receipts from customers and users	\$ 1,447,555	\$ 31,621,040	\$ 1,508,082	\$ 34,576,677	\$ -
Receipts from Greenwood Public Schools	-	456,142	-	456,142	-
Receipts from the Greenwood-Leflore Industrial Board and other agencies	-	11,070	-	11,070	-
Receipts from other funds	-	657,472	-	657,472	-
Receipts from customers for sewer-add on fees	261,635	-	-	261,635	-
Receipts from interfund services provided	-	-	-	-	989,169
Receipts from loss claims recoveries	-	-	-	-	670,661
Receipts from other revenue	-	180,813	-	180,813	-
Payments for loss claims	-	-	-	-	(1,569,056)
Payments to suppliers for goods and services	(265,766)	(24,216,237)	(776,648)	(25,258,651)	(298,720)
Payments to employees	(660,999)	(3,769,195)	(837,920)	(5,268,114)	-
Payments for interfund services used	(187,171)	-	-	(187,171)	-
Net cash provided by (used for) operating activities	<u>595,254</u>	<u>4,941,105</u>	<u>(106,486)</u>	<u>5,429,873</u>	<u>(207,946)</u>
<b>Cash flows from noncapital financing activities</b>					
Transfers from other funds	270,170	-	-	270,170	-
Transfers to Greenwood Public Schools	-	(215,846)	-	(215,846)	-
Transfers to the Greenwood-Leflore Industrial Board and other agencies	-	(11,085)	-	(11,085)	-
Transfers to other funds	-	(1,383,001)	-	(1,383,001)	-
Net cash provided by (used for) noncapital financing activities	<u>270,170</u>	<u>(1,609,932)</u>	<u>-</u>	<u>(1,339,762)</u>	<u>-</u>
<b>Cash flows from capital and related financing activities</b>					
Acquisition and construction of capital assets	(2,774,186)	(1,764,625)	(156,858)	(4,695,669)	-
Proceeds from sales of capital assets	-	15,596	-	15,596	-
Advances from other funds	116,817	-	-	116,817	-
Proceeds from grants	215,762	-	-	215,762	-
Proceeds from loans	2,924,076	-	-	2,924,076	-
Principal paid on capital debt	(570,889)	(206,429)	-	(777,318)	-
Interest paid on capital debt	(293,629)	(5,338)	-	(298,967)	-
Bond issuance cost	-	-	-	-	-
Net cash provided (used) for capital and related financing activities	<u>(382,049)</u>	<u>(1,960,796)</u>	<u>(156,858)</u>	<u>(2,499,703)</u>	<u>-</u>
<b>Cash flows provided by (used for) investing activities</b>					
Purchase of investment securities	-	(21,750,000)	-	(21,750,000)	-
Proceeds from sale and maturities of investment securities	-	20,670,000	-	20,670,000	-
Interest on investments	73,879	490,797	20,196	584,872	7,412
Net cash provided by (used for) investing activities	<u>73,879</u>	<u>(589,203)</u>	<u>20,196</u>	<u>(495,128)</u>	<u>7,412</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	557,254	781,174	(243,148)	1,095,280	(200,534)
Cash and cash equivalents at beginning of year	<u>2,759,688</u>	<u>1,806,836</u>	<u>925,296</u>	<u>5,491,820</u>	<u>298,678</u>
<b>Cash and cash equivalents at end of year</b>	<u>\$ 3,316,942</u>	<u>\$ 2,588,010</u>	<u>\$ 682,148</u>	<u>\$ 6,587,100</u>	<u>\$ 98,144</u>

See accompanying notes to the basic financial statements.

	<u>Sewage Enterprise Fund</u>	<u>Greenwood Utilities Fund</u>	<u>Other Enterprise Funds</u>	<u>Total</u>	<u>Governmental Activities - Internal Service Fund</u>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>					
Operating income (loss)	\$ 338,004	\$ 3,238,474	\$ (249,068)	\$ 3,327,410	\$ (153,477)
<b>Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:</b>					
Depreciation expense	229,699	1,988,701	119,229	2,337,629	-
Provision for bad debts	-	28,870	-	28,870	-
(Increase) decrease in accounts receivables, net	7,373	(171,965)	(553)	(165,145)	95,189
(Increase) decrease in due from other governments	-	-	-	-	-
(Increase) decrease in due from other funds	17,208	(2,300)	25,778	40,686	-
(Increase) decrease in other receivables	-	746,156	-	746,156	-
(Increase) decrease in inventories	-	(1,093,736)	-	(1,093,736)	-
(Increase) decrease in prepaid expenses	334	108,664	500	109,498	-
(Increase) decrease in restricted group medical insurance claims receivable	-	(67,204)	-	(67,204)	-
(Increase) decrease in deferred charges	-	5,338	-	5,338	-
Increase (decrease) in accounts payable	5,243	159,440	(619)	164,064	(149,658)
Increase (decrease) in salaries payable	(370)	-	(1,430)	(1,800)	-
Increase (decrease) in customer deposits	-	(6,017)	-	(6,017)	-
Increase (decrease) in accrued compensated absences	(659)	(1,523)	(323)	(2,505)	-
Increase (decrease) in due to other funds	(1,578)	(41,891)	-	(43,469)	-
Increase (decrease) in due to other governments	-	1,038	-	1,038	-
Increase (decrease) in sales tax payable	-	6,530	-	6,530	-
Increase (decrease) in restricted medical insurance claims payable	-	42,530	-	42,530	-
Increase (decrease) in restricted accounts payable	-	-	-	-	-
Total adjustments	257,250	1,702,631	142,582	2,102,463	(54,469)
Net cash provided by operating activities	<u>\$ 595,254</u>	<u>\$ 4,941,105</u>	<u>\$ (106,486)</u>	<u>\$ 5,429,873</u>	<u>\$ (207,946)</u>

**Noncash investing, capital and financing activities:**

During the past year, Greenwood Utilities received \$67,618 noncash capital contributions from developers consisting of water and electric distribution infrastructure.

The Sewage Enterprise Fund disposed of capital assets with a book value of \$4,115.

**Reconciliation of total cash and cash investments:**

Current assets - cash and cash investments	\$ 3,316,942	\$ 2,473,422	\$ 682,148	6,472,512	\$ 98,144
Restricted assets - cash and cash investments	-	114,588	-	114,588	-
Total cash and cash investments	<u>\$ 3,316,942</u>	<u>\$ 2,588,010</u>	<u>\$ 682,148</u>	<u>\$ 6,587,100</u>	<u>\$ 98,144</u>

**CITY OF GREENWOOD**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**September 30, 2006**

	<b>AGENCY FUNDS</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 650,037
Receivables:	
Other receivables	-
Due from other agency funds	-
Due from other governments	-
Total receivables	-
Total assets	\$ 650,037
<b>LIABILITIES</b>	
Due to other agency funds	\$ -
Due to other governments	485,210
Accrued payroll taxes and benefits payable	159,464
Other liabilities	5,363
Total liabilities	\$ 650,037

CITY OF GREENWOOD, MISSISSIPPI  
Notes to Financial Statements  
September 30, 2006

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. GENERAL STATEMENT**

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

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

The City's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 that do not conflict with or contradict GASB pronouncements. Although the City has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the City has chosen not to do so. The more significant accounting policies established in GAAP and used by the City are discussed below.

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

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

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

**Blended Component Unit:**

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

**CITY OF GREENWOOD, MISSISSIPPI**  
**Notes to Financial Statements**  
**September 30, 2006**

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

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

**Discretely Presented Component Units:**

The Greenwood Tourism Commission was established by Chapter 813, local and private laws of 1989, of the Mississippi legislature and is legally separate from the City. The act has been extended and amended in 1994 and 1999 by the Mississippi legislature. The Mayor appoints seven of the thirteen members of the Tourism Commission subject to Council approval. The City Council approves the Tourism's budget. The Greenwood Tourism Commission is presented as a governmental fund type. Complete financial statements for the Tourism Commission may be obtained at its administrative office located at 111 Market Street, Greenwood, Mississippi.

The Greenwood-Leflore Public Library was established under Section 39-3-8 of the Mississippi Code of 1942, as annotated and is legally separate from the City. The Mayor appoints three of the five members on the library board subject to Council approval. The City Council makes annual appropriations along with county appropriations necessary to fund the library's operations. The Greenwood-Leflore Public Library is presented as a governmental fund type. Complete financial statements for the Greenwood-Leflore Public Library may be obtained at its administrative office located at 405 West Washington, Greenwood, Mississippi.

The following organizations for which the City is not considered financially accountable have been excluded from the accompanying financial statements. Each agency is fiscally independent from the City, issues its own debt, approves its own budget, and sets its own rates and charges. The primary government has no authority to remove board members, designate management, or approve or modify rates. The City is not obligated in any manner for the debt issues of these agencies. Financial statements for these agencies can be obtained at the following addresses:

- Greenwood Public Schools, 401 Howard Street, Greenwood, MS 38930
- Greenwood-Leflore Airport, 502 Greenwood-Leflore Airport Blvd, Greenwood, MS 38930
- Greenwood Housing Authority, 111 East Washington, Greenwood, MS 38930
- Greenwood-Leflore Industrial Board, 402 Hwy 82, Greenwood, MS 38930
- Greenwood-Leflore Hospital, 1401 River Road, Greenwood, MS 38930

**B. BASIC FINANCIAL STATEMENTS - GOVERNMENT-WIDE AND FUND LEVEL STATEMENTS**

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The City's police and fire protection, parks and recreation, public works, and general administrative services are classified as governmental activities. The City's sewer, solid waste, and electric and water utilities are classified as business-type activities.

CITY OF GREENWOOD, MISSISSIPPI  
Notes to Financial Statements  
September 30, 2006

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

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns (a) are presented on the consolidated basis by column, (b) and are reported on the full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net assets are reported in three parts: invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The City first utilizes restricted resources to finance qualifying activities.

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

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

The City does not allocate indirect costs.

The government-wide focus is more on the sustainability of the City as an entity and the changes in the City's net assets resulting from the current year's activities. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary agency funds, even though the latter are excluded from the government-wide financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. Major individual governmental funds and major individual enterprise funds are reported as separate columns in their fund financial statements.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's proprietary funds and of the City's internal service fund are charges to customers for sales and services. Operating expenses for the proprietary funds and internal service fund include the cost of sales and services, direct administrative services, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

CITY OF GREENWOOD, MISSISSIPPI  
Notes to Financial Statements  
September 30, 2006

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

**C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

The City reports the following major governmental funds:

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

The City reports the following major proprietary funds:

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

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

Additionally, the City report the following fund types:

Governmental funds:

The *General Fund* is the general operating fund of the City. This fund accounts for all financial resources except those required to be accounted for in another fund. The General Fund is always a major fund.

CITY OF GREENWOOD, MISSISSIPPI  
Notes to Financial Statements  
September 30, 2006

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

*Special revenue funds* are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

*Debt service funds* are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

*Capital projects funds* are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Enterprise Funds).

**Proprietary funds:**

*Enterprise funds* are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

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

**Fiduciary funds:**

*Fiduciary funds* are used to report assets held in a trustee or agency capacity for others and therefore are not available to support City programs. The reporting focus is on net assets and changes in net assets and are reported using accounting principles similar to proprietary funds. The purpose of the City's agency funds is to collect and remit to the related organizations various revenues.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB No. 34 sets forth the minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

The City's internal service fund is presented in the proprietary funds financial statement. Because the principal users of the internal services are the City's governmental activities, the financial statements of the internal service fund are consolidated into the governmental activities column when presented in the government-wide financial statements. To the extent possible, the cost of these services is reported in the appropriate functional activity (police, fire, public works, etc.).

The City's fiduciary funds are presented in the fiduciary fund financial statements by type (private purpose and agency). Since by definition

**CITY OF GREENWOOD, MISSISSIPPI**  
**Notes to Financial Statements**  
**September 30, 2006**

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

these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

**D. ASSETS, LIABILITIES AND NET ASSETS AND EQUITY**

**1. Cash and cash equivalents**

Cash and cash equivalents include demand deposit accounts, petty cash, and certificates of deposit with a maturity date generally within 90 days of the date acquired by the City. Collateral, as further discussed in Note 3, is pledged by the various financial institutions to secure City funds.

**2. Receivables**

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

**3. Investments**

Investments, consisting only of certificates of deposit with a maturity date greater than ninety days of the date acquired, are stated at cost. Statutes authorize the City to invest in U.S. Government obligations, U.S. Government agency obligations, State of Mississippi obligations, and obligations of a corporation of the U.S. government.

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

**4. Restricted Assets**

Restricted assets are the "customer deposits" account, "unemployment compensation" account, "capital improvement reserve" account, "rate stabilization reserve" account, "disaster and emergency reserve" account, "litigation contingent reserve" account and "group medical" account. 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" account is used to report resources set aside, as required by the Mississippi Employment Security Commission, to meet unemployment compensation claims relating to the period as a reimbursable employer. The "capital improvement reserve" account is used to report resources set aside to replace units of property that have exceeded their useful life and for capital improvements to the system to meet growth. The "rate stabilization reserve" account is used to report resources set aside to allow gradual increases in rates rather than sharp increases. A sharp increase may be caused by unforeseen higher purchased power cost or a rapid increase in fuel cost. The "disaster and emergency reserve" account is used to report resources set aside to provide emergency repairs or replacements of capital assets damaged or destroyed by catastrophic acts or other disasters. The "litigation contingent reserve" account is used to finance litigation pertaining to the construction of the gas turbine and heat recovery system located at Henderson generating station. The "group medical" account is used to finance medical claims under the utilities self-insured medical plan.

**CITY OF GREENWOOD, MISSISSIPPI**  
**Notes to Financial Statements**  
**September 30, 2006**

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

**5. Inventories**

Inventory in the Greenwood Utilities Fund is priced at cost using the first-in, first-out method. The inventory is accounted for using the consumption method and is not charged out until used. The inventory consists of major stores of materials and supplies held at central locations. The user departments and other funds of the City are charged for the cost value of items as they are withdrawn from inventory. Any damaged or obsolete inventory is valued at fair market value.

**6. Capital Assets**

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings	40 years
Improvements other than buildings	20 years
Electric, water and sewer system	25-50 years
Infrastructure	20-50 years
Heavy machinery and equipment	10-12 years
Other furniture and equipment	7 years
Vehicles	5 years
Computer equipment and peripherals	3 years

Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), sidewalks, etc. These infrastructure assets are likely to be the largest asset class of the City. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The City has implemented the retractive infrastructure provisions in the current fiscal year.

**7. Prepaid Items**

Prepaid balances are for payments made by the City in the current year to provide goods or services occurring in the subsequent fiscal year.

**CITY OF GREENWOOD, MISSISSIPPI**  
**Notes to Financial Statements**  
**September 30, 2006**

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

**8. Compensated Absences**

City of Greenwood:

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

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

Greenwood Utilities:

The Utilities accrues accumulated unpaid personal leave and associated employee-related costs when earned (or estimated to be earned) by employees up to two weeks after one year of service, three weeks after five years of service, and four weeks after ten years of service. All of the accrual is considered to be current.

Unused sick leave is authorized only when the employee retires; no payment is made upon termination or resignation. No accrual of this liability has been made due to the undeterminable nature of the amount.

**9. Bond discounts, Bond Premiums and Issuance Costs**

In the governmental funds, bond discounts, bond premiums and issuance costs are treated as period costs in the year of issue. Bond premiums and discounts are shown as an "Other Financing Sources/Uses".

In the proprietary funds and government-wide financial statements, bond discounts, bond premiums and issuance costs are deferred and amortized over the terms of the bonds outstanding method, which approximates the effective interest method. Bond discounts and premiums are presented as a reduction and increase, respectively, of the face amount of the revenue bond payable, where issuance costs are recorded as other assets.

**10. Interfund Activity**

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near fair market rates are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

**CITY OF GREENWOOD, MISSISSIPPI**  
**Notes to Financial Statements**  
**September 30, 2006**

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

**11. Revenues**

Substantially all governmental fund revenues are accrued. Property taxes are billed and collected within the same period in which the taxes are levied; however, an enforceable lien attaches on January 1 of the preceding fiscal year. As a result, property taxes are accrued in the government-wide financial statements. The property taxes on which only an enforceable lien has attached are deferred since the levy date and collections are in the subsequent fiscal year. 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 expense result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and of the government's internal service fund are charges to customers for sales and services. Operating expenses for enterprise funds and the internal service fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. In applying GASBS No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenues when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient.

**12. Expenditures**

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

**13. Reserves and Designations**

Portions of fund equity are segregated for future use and, therefore, are not available for future appropriations or expenditure. An amount reserved for debt service represents portions of fund equity that are required to be segregated in accordance with bond resolutions. The unreserved designated fund balance of the Capital Project Funds is appropriated for expenditures in future years.

**14. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets and adding back unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

**CITY OF GREENWOOD, MISSISSIPPI**  
**Notes to Financial Statements**  
**September 30, 2006**

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

**15. Pension Expenses**

The City funds pension expenses as required by applicable statute. Two plans, funded from both City and employee contributions are described in Note 4.

**16. Post-Employment Health Care and Life Insurance Benefits**

The City and Greenwood Utilities do not incur costs associated with post-employment benefits for retired employees. The City allows all vested employees to continue in the group plan after retirement; however, the retired employees pay 100% of the premiums.

**17. Use of Estimates**

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

CITY OF GREENWOOD, MISSISSIPPI  
Notes to Financial Statements  
September 30, 2006

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

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

1. The City Clerk prepares estimates of available revenue.
2. Department directors submit proposed expenditure budgets to the City Clerk by August of each year.
3. The City Clerk reviews expenditure budgets, and necessary revisions are communicated to department directors.
4. Budgeted revenues and expenditures are balanced, and a summary budget is prepared and presented to the Mayor.
5. The Mayor submits the proposed budget to the City Council. The final budget is approved by September 15 and must be published in a local newspaper on or before September 30.
6. The budget is formally amended in September each year or any time that budget revisions through funds reallocation are necessary or a budget deficit is indicated.
7. The City prepares annual budgets for the General Fund, Special Revenue Funds, Debt Service Funds, Capital Projects Funds, Enterprise Funds and Internal Service Fund. Budgets for the Enterprise Funds are prepared on a modified-cash basis excluding depreciation and bad debt expense and including debt retirement payments. Budgets for the General Fund, Special Revenue Funds, Debt Service Funds, Internal Service Fund and Capital Projects Funds are prepared in accordance with state law. State law requires that the City's budget be prepared on a modified-cash basis of accounting. All revenue is accounted for under the cash basis. Claims that have been incurred prior to the end of the year and are paid before October 31 are charged against the current year's budget. If the claim is incurred prior to the end of the year but paid after October 30, it is charged against the budget for the subsequent year. This required budgetary basis is not considered a U. S. generally accepted accounting principal. Budget and actual comparisons are presented in the accompanying financial statements for all governmental activities that are considered to be major funds under GASB 34 guidelines.

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

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

**CITY OF GREENWOOD, MISSISSIPPI**  
**Notes to Financial Statements**  
**September 30, 2006**

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

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

The legal level of control for all budgets adopted is at the category level by fund with the exception of the General Fund, which is appropriated at the category level by department. Administrative control for all budgets is maintained through the establishment of more detailed line-item budgets.

The City Clerk exercises budgetary monitoring throughout the fiscal year. An adopted budget may not exceed its appropriated level without City Council approval. The City Clerk advises the Mayor whenever a requested expenditure will exceed budgeted amounts. The City Council may approve expenditures in excess of budgeted amounts in various funds or departments as appropriate, as long as total annual expenditures do not exceed available resources. Adjustments in expenditure rates, if necessary, are implemented by the City Council as required, so that the total expenditures and resources will remain in balance throughout the year.

8. Budgeted expenditure or expense amounts and other uses as originally adopted were amended by the City Council as provided by law, as follows:

	Adopted Budget	Budget As Amended	Increase (Decrease)
General Fund	\$ 10,805,877	\$ 10,884,377	\$ 78,500
Special Revenue Funds	713,010	2,921,237	2,208,227
Debt Service Funds	1,200,090	1,346,965	146,875
Capital Project Funds	31,150	11,719,567	11,688,417
Enterprise Funds	4,556,307	4,706,307	150,000
Internal Service Fund	994,308	1,734,968	740,660
	<u>\$ 18,300,742</u>	<u>\$ 33,313,421</u>	<u>\$ 15,012,679</u>

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

9. Unexpended appropriations lapse at year-end in all funds.

CITY OF GREENWOOD, MISSISSIPPI  
Notes to Financial Statements  
September 30, 2006

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

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

	Budget	Actual	Overage
General Fund - Street Department			
personal services	\$ 624,074	\$ 631,067	\$ (6,993)
Community Center Fund - supplies	\$ 3,000	\$ 3,470	\$ (470)
Community Center Fund - other			
services & charges	\$ 7,500	\$ 9,019	\$ (1,519)
Urban Youth Corp Project - supplies	\$ 13,670	\$ 13,861	\$ (191)
1995 G O Bonds - transfers out	\$ 31,383	\$ 32,045	\$ (662)
Sewer Rehab Revolving Loan -			
transfers out	\$ 237,400	\$ 239,400	\$ (2,000)
Employee Benefit Trust Fund - other			
services & charges	\$ 1,734,768	\$ 1,867,777	\$ (133,009)

**B. Deficit Fund Equity**

The deficit fund equity by individual fund as of September 30, 2006, follows:

<u>Fund</u>	<u>Deficit Balance</u>
CDBG Blight Elimination	\$ 20,878
Total	\$ 20,878

The City is taking appropriate action to eliminate these fund deficits.

**CITY OF GREENWOOD, MISSISSIPPI**  
**Notes to Financial Statements**  
**September 30, 2006**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS:**

**A. Deposits and Investments**

**1. Policies and Practices**

The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Mississippi Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation (FDIC).

**2. Deposits**

At year-end, the carrying amount of the City's deposits was \$10,558,172, and the bank balances totaled \$12,243,759. Of the bank balances, \$200,000 was insured by federal deposit insurance and \$12,043,759 was covered by pooled and/or pledged collateral, as allowed by the Mississippi Code.

At year-end, the carrying amount of the Greenwood Utilities' deposits was \$14,263,010 and the bank balances totaled \$14,799,053. Of the bank balances, \$400,000 was insured by federal deposit insurance and \$14,399,053 was covered by pooled and/or pledged collateral, as allowed by the Mississippi Code.

**3. Investments**

The City and the Utilities had no investments other than certificates of deposit for the current fiscal year but is eligible to invest as described below.

Following is a list of the City's eligible investments, which in accordance with state statute are limited to the investment of funds in excess of sums required for immediate expenditure or current obligations:

- Certificates of deposit with municipal depositories approved annually by the State Treasurer
  
- Bonds or direct obligations of the:
  - United States of America
  - State of Mississippi
  - County or Municipality of Mississippi
  - School Districts

State statute allows the investment of funds received from the sale of bonds, notes, or certificates of indebtedness which are not immediately required for disbursement for the purpose issued, in direct obligations issued by or guaranteed in full by the United States of America, or in certificates of deposit with approved municipal depositories.

**CITY OF GREENWOOD, MISSISSIPPI**  
**Notes to Financial Statements**  
**September 30, 2006**

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

**B. Receivables**

Receivables at September 30, 2006, for the primary government's individual major funds and nonmajor and internal service funds in the aggregate (including its blended component unit, Greenwood Utilities), including the applicable allowances for uncollectible accounts, are as follows (amounts are expressed in thousand dollars):

	General	Other Governmental Funds	Sewage Enterprise	Greenwood Utilities	Other Enterprise Funds	Total
Accounts	\$ -	\$ -	\$ 3	\$ 3,531	\$ 5	\$ 3,539
Accounts, other governments	-	-	-	53	-	53
Intergovernmental	800	65	188	-	-	1,053
Other	23	-	-	2,018	-	2,041
Gross Receivables	823	65	191	5,602	5	6,686
Less: allowance for doubtful accounts				94		94
	\$ 823	\$ 65	\$ 191	\$ 5,508	\$ 5	\$ 6,592

Revenues for Greenwood Utilities are reported net of uncollectible amounts. \$93,541 was determined to be uncollectible for the current year.

**1. Property taxes**

Property taxes on real and personal property, exclusive of automobiles, attach as an enforceable lien on January 1 for the preceding fiscal year. Leflore County bills and collects the real, personal, public utilities and auto ad valorem taxes for the City of Greenwood and Greenwood Public Schools. The taxes are remitted monthly following the month in which they are collected. Leflore County also remits to the City a pro rata share of road and bridge taxes collected by the County.

The taxes are due on or before February 1; however, installment payments can be made; one-half of the balance is due on February 1 and one-fourth each on May 1 and August 1.

Property taxes receivable	\$ 4,245,117
Less: Allowance for doubtful accounts	189,335
	<hr/>
Total property taxes receivable, net	<u>\$ 4,055,782</u>

**CITY OF GREENWOOD, MISSISSIPPI**  
**Notes to Financial Statements**  
**September 30, 2006**

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

Tax millage levies for 2005 were collected in the current fiscal year and statutory maximum millage rates were as follows:

Fund	Levy (in mills)	Purpose	Maximum
General Fund	35.25	General	None
Debt Service Fund	5.89	Debt retirement	None
Disability & Relief Fund	7.60	Retirement	None
Total City of Greenwood	<u>48.74</u>		
Greenwood Public Schools:			
District Maintenance	47.00	Public schools	None
Total Greenwood Public Schools	<u>47.00</u>		
Total millage rate	<u><u>95.74</u></u>		

The City is permitted to levy taxes based on a percentage of up to 100% of fair value of property at the millage indicated above. At the present time, the City levies taxes based on 10% of fair value for homeowner-occupied real property, 15% of fair value for all other real and personal property, and 30% of fair value for all motor vehicles and property owned by public service corporations. The City may levy taxes as necessary to meet bonded debt retirement. Limitations are imposed on the amount of bonded debt that may be issued based upon 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.

**2. Sales Taxes**

The State levies a 7% sales tax on retail sales and remits these collections to the City monthly. Intergovernmental revenue of the General Fund includes \$4,184,245 of sales tax revenue.

**3. Notes receivable**

In 1997 and 1998, the City was awarded two Home Community Development Block Grants in the amount of \$450,000 and \$256,000, respectively. The amounts received were loaned to two different limited partnerships, David L. Jordan Apartments, Phase I and David L. Jordan Apartments, Phase II. As the loans are repaid, the City has an obligation to reuse the money in a Community Development Block Grant purpose.

The Phase I loan is \$450,000 for 25 years at 1% beginning 5/31/01 in the amount of \$20,433 annually.

The Phase II loan is \$256,000 to be paid in ten consecutive principal only payments, interest free, beginning 1/1/20 in the amount of \$25,600 annually.

CITY OF GREENWOOD, MISSISSIPPI  
Notes to Financial Statements  
September 30, 2006

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

Future receipts are as follows:

	<u>Interest</u>	<u>Principal</u>
9/30/2005 (not paid)	\$ 3,872	\$ 16,561
9/30/2006 (not paid)	3,705	16,728
9/30/2007	3,537	16,895
9/30/2008	3,367	17,066
9/30/2009	3,196	17,237
Thereafter	<u>26,360</u>	<u>556,898</u>
Total notes receivable	<u>\$ 44,037</u>	<u>\$ 641,385</u>

CITY OF GREENWOOD, MISSISSIPPI  
Notes to Financial Statements  
September 30, 2006

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

C. Changes in Capital Assets

1. Primary government capital asset activity for the year ended September 30, 2006, was as follows (amounts are expressed in thousands):

	Restated Balance 9/30/05	Additions	Deletions	Transfers	Balance 9/30/06
<b>Governmental activities:</b>					
Capital assets not being depreciated:					
Land	\$ 3,080	\$ 250	\$ -	\$ -	\$ 3,330
Capital lease	374	-	-	-	374
Construction in progress	305	921	961	-	265
<b>Total capital assets not being depreciated</b>	<b>3,759</b>	<b>1,171</b>	<b>961</b>	<b>-</b>	<b>3,969</b>
Capital assets being depreciated:					
Infrastructure	16,688	1,161	-	-	17,849
Buildings & improvements	6,254	441	-	-	6,695
Equipment & furniture	637	26	127	-	536
Mobile equipment	3,580	131	21	-	3,690
<b>Total capital assets being depreciated</b>	<b>27,159</b>	<b>1,759</b>	<b>148</b>	<b>-</b>	<b>28,770</b>
Less accumulated depreciation for:					
Infrastructure	5,774	245	-	-	6,019
Buildings & improvements	1,221	129	-	-	1,350
Equipment & furniture	436	37	115	-	358
Mobile equipment	2,418	238	4	-	2,652
<b>Total accumulated depreciation</b>	<b>9,849</b>	<b>649</b>	<b>119</b>	<b>-</b>	<b>10,379</b>
<b>Total capital assets being depreciated, net</b>	<b>17,310</b>	<b>1,110</b>	<b>29</b>	<b>-</b>	<b>18,391</b>
<b>Total governmental activities capital assets, net</b>	<b>\$ 21,069</b>	<b>\$ 2,281</b>	<b>\$ 990</b>	<b>\$ -</b>	<b>\$ 22,360</b>

**CITY OF GREENWOOD, MISSISSIPPI**  
**Notes to Financial Statements**  
**September 30, 2006**

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

**C. Changes in Capital Assets (Continued):**

	Restated Balance 9/30/05	Additions	Deletions	Transfers	Balance 9/30/06
<b>Business-type activities:</b>					
<b>Capital assets not being depreciated:</b>					
Land	\$ 232	\$ -	\$ -	\$ -	\$ 232
Construction in progress	320	3,595	-	-	3,915
<b>Total capital assets not being depreciated</b>	<b>552</b>	<b>3,595</b>	<b>-</b>	<b>-</b>	<b>4,147</b>
<b>Capital assets being depreciated:</b>					
Infrastructure	65,738	1,511	378	-	66,871
Buildings & improvements	5,445	10	-	-	5,455
Equipment & furniture	273	-	18	-	255
Mobile equipment	2,100	298	23	-	2,375
Gwd Util mobile & equipment	3,878	325	238	-	3,965
<b>Total capital assets being depreciated</b>	<b>77,434</b>	<b>2,144</b>	<b>657</b>	<b>-</b>	<b>78,921</b>
<b>Less accumulated depreciation for:</b>					
Infrastructure	22,625	1,711	378	-	23,958
Buildings & improvements	3,085	139	-	-	3,224
Equipment & furniture	218	7	16	-	209
Mobile equipment	1,423	168	21	-	1,570
Gwd Util mobile & equipment	2,214	313	202	-	2,325
<b>Total accumulated depreciation</b>	<b>29,565</b>	<b>2,338</b>	<b>617</b>	<b>-</b>	<b>31,286</b>
<b>Total capital assets being depreciated, net</b>	<b>47,869</b>	<b>(194)</b>	<b>40</b>	<b>-</b>	<b>47,635</b>
<b>Total business-type activities capital assets, net</b>	<b>\$ 48,421</b>	<b>\$ 3,401</b>	<b>\$ 40</b>	<b>\$ -</b>	<b>\$ 51,782</b>

**CITY OF GREENWOOD, MISSISSIPPI**  
**Notes to Financial Statements**  
**September 30, 2006**

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

**C. Changes in Capital Assets (Continued):**

2. Depreciation expense was charged to functions of the primary government as follows:

**Governmental activities:**

General government	\$	5,875
Public safety		185,236
Public works		347,842
Culture and recreation		19,269
Industrial development		90,696
		648,918

Total depreciation expense - governmental activities

\$ 648,918

**Business-type activities:**

Sewage enterprise	\$	229,699
Greenwood utilities		1,988,701
Non-major business-type activities		119,229
		2,337,629

Total depreciation expense - business-type activities

\$ 2,337,629

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

Project	Spent-to-date	Remaining Commitment
<b>Governmental activities:</b>		
Yazoo River boat ramp	\$ 28,000	\$ 418,209
West Park Avenue project	14,000	525,982
Viking cap loan project	222,965	424,578
Total	<u>\$ 264,965</u>	<u>\$ 1,368,769</u>
<b>Business-type activities:</b>		
<b>Sewage Enterprise:</b>		
Wastewater effluent project	\$ 435,998	\$ 14,002
Sewer rehab revolving loan project	3,429,100	2,764,828
Greenwood Utilities	50,302	-
Total	<u>\$ 3,915,400</u>	<u>\$ 2,778,830</u>

CITY OF GREENWOOD, MISSISSIPPI  
Notes to Financial Statements  
September 30, 2006

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

C. Changes in Capital Assets (Continued):

4. A summary of changes in capital assets for component units is as follows (amounts are expressed in thousands):

	Balance 9/30/05	Additions	Deletions	Adjustments	Balance 9/30/06
Capital assets being depreciated:					
Building improvements	\$ 217	\$ 9	\$ -	\$ -	\$ 226
Books & materials	395	34	-	-	429
Mobile equipment	21	15	21	-	15
Equipment & furniture	316	16	-	-	332
Total capital assets being depreciated	949	74	21	-	1,002
Less accumulated depreciation for:					
Buildings & improvements	118	14	-	-	132
Books & materials	277	46	-	-	323
Mobile equipment	19	2	19	-	2
Equipment & furniture	283	11	-	-	294
Total capital assets being depreciated, net	697	73	19	-	751
Total capital assets, net	\$ 252	\$ 1	\$ 2	\$ -	\$ 251

Depreciation expense was charged to activities as follows:

Library	\$ 70,900
Tourism Commission	2,937
Total	<u>\$ 73,837</u>

**CITY OF GREENWOOD, MISSISSIPPI**  
**Notes to Financial Statements**  
**September 30, 2006**

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

**D. Interfund Receivables, Payables, and Transfers**

Individual fund interfund receivable and payable balances as of September 30, 2006, follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 195,393	\$ 37,006
Nonmajor governmental funds		
Urban Youth Corps Project	-	29,547
Traffic Safety Grant	-	1,493
Local Law Enforcement Grant	-	2,643
Domestic Violence Grant	-	2,151
DUI Grant	-	5,736
Total Governmental Funds	<u>195,393</u>	<u>78,576</u>
Sewage Enterprise	371,892	130,145
Greenwood Utilities	50,334	688,055
Nonmajor proprietary funds		
Solid Waste Enterprise	<u>279,157</u>	-
Total Proprietary Funds	<u>701,383</u>	<u>818,200</u>
Total All Funds	<u>\$ 896,776</u>	<u>\$ 896,776</u>

- The Sewage Enterprise and Solid Waste Enterprise receivables are for monies collected by Greenwood Utilities at year-end but not yet remitted.
- The Greenwood Utilities receivable is money due from the City for electric and water services. An equal amount for the General Fund and Sewage Enterprise Fund is due from Greenwood Utilities for free utility services.
- The other receivables are temporary advances from one fund to another fund for cash flow purposes until the other fund receives funding from outside sources.

CITY OF GREENWOOD, MISSISSIPPI  
Notes to Financial Statements  
September 30, 2006

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

D. Interfund Receivables, Payables, and Transfers (continued):

Transfers in/transfers out for the primary government follows:

	Transfer In	Transfer Out
General Fund	\$ 1,079,662	\$ 23,229
Nonmajor governmental funds		
Community Center Fund	1,500	-
Cemetery Project	4,756	-
Urban Youth Corp Project	9,349	-
Keesler Bridge Project	-	129,860
LLEBG Grant	323	-
Domestic Violence Grant	8,801	-
Walmart Road Project	531,126	-
C & G Rail Relocation Project	-	6,344
G O Bond & Interest Fund	32,045	-
2005 General Obligation Bonds	-	531,126
2002 General Obligation Bonds	129,860	-
1995 General Obligation Bonds	-	32,045
Total Governmental Funds	<u>1,797,422</u>	<u>722,604</u>
Sewage Enterprise	270,170	-
Greenwood Utilities	-	1,344,988
Nonmajor proprietary funds		
Solid Waste Enterprise	-	-
	<u>270,170</u>	<u>1,344,988</u>
	<u>\$ 2,067,592</u>	<u>\$ 2,067,592</u>

- The Greenwood Utilities transfer is comprised of a \$605,000 appropriation to the General Fund, an \$83,000 appropriation to the Sewage Enterprise Fund and \$656,988 of electric and water services to the General Fund, Community Center Fund and Sewage Enterprise Fund at no charge.
- Transfers from the General Fund to the Urban Youth Corp, LLEBG Grant and Domestic Violence Grant represent required matching monies.
- The transfer from the 2005 General Obligation Bond Fund represent monies transferred to construction projects for the Walmart Road project.
- The transfer from the Keesler Bridge project went into the 2002 G O Bond fund for public works improvements.
- The transfer from the 1995 G O Bond fund went into the G O Bond and Interest Fund to service debt retirement on those bonds.
- The transfer from the C & G Rail Relocation Project went into the General Fund to pay additional expenses for the rail relocation project.

**CITY OF GREENWOOD, MISSISSIPPI**  
**Notes to Financial Statements**  
**September 30, 2006**

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

**E. Capital Leases**

The City leases property with varying terms and options. Most leases contain a clause that states the lease shall terminate in the event no funds or insufficient funds are appropriated. However, if renewal is reasonably assured, leases are considered noncancelable leases for financial reporting purposes.

The City has financed a Ferrara rescue/pumper truck, a Ferrara Spartan pumper truck and an AS/400 computer system upgrade by means of capital leases. These lease agreements qualify as capital leases for accounting purposes (title transfers at the end of the lease term) and therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

<b>AS/400 computer system upgrade</b>	<u>\$ 77,205</u>
---------------------------------------	------------------

The following is a schedule by years of future minimum lease payments payable under this capital lease together with the present value of the net minimum lease payments as of September 30, 2005:

Year ending September 30:	
2007	\$ 17,016
2008	<u>5,672</u>
Total minimum payments	<u>22,688</u>
Less: Amount representing interest	<u>613</u>
Present value of net minimum lease payments	<u>\$ 22,075</u>

<b>Ferrara Rescue/Pumper Truck</b>	<u>\$ 123,100</u>
------------------------------------	-------------------

The following is a schedule by years of future minimum lease payments payable under this capital lease together with the present value of the net minimum lease payments as of September 30, 2006:

Year ending September 30:	
2007	\$ 19,726
2008	19,726
2009	19,727
2010	<u>19,727</u>
Total minimum payments	<u>78,906</u>
Less: Amount representing interest	<u>6,454</u>
Present value of net minimum lease payments	<u>\$ 72,452</u>

CITY OF GREENWOOD, MISSISSIPPI  
Notes to Financial Statements  
September 30, 2006

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

E. Capital Leases (continued):

Ferrara Spartan Pumper Truck	<u>\$ 170,000</u>
------------------------------	-------------------

The following is a schedule by years of future minimum lease payments payable under this capital lease together with the present value of the net minimum lease payments as of September 30, 2006:

Year ending September 30:	
2007	\$ 27,386
2008	27,386
2009	27,387
2010	<u>27,387</u>
Total minimum payments	109,546
Less: Amount representing interest	<u>8,960</u>
Present value of net minimum lease payments	<u>\$ 100,586</u>

F. Long-term debt:

1. General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both general governmental and proprietary activities. Bonds issued for proprietary activities are reported in the proprietary funds if they are to be repaid from proprietary revenues.

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

CITY OF GREENWOOD, MISSISSIPPI  
Notes to Financial Statements  
September 30, 2006

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

F. Long-term debt (Continued):

1. General Obligation Bonds (continued):

General obligation bonds currently outstanding at September 30, 2006, were as follows:

General Obligation Bonds payable out of governmental activities:

\$2,110,000 1998 Taxable General Obligation Refunding Bonds due in annual installments of \$130,000 to \$240,000 through July 1, 2010; interest at 5.1 percent to 6.15 percent	\$ 880,000
\$2,500,000 2002 General Obligation Public Improvement Bonds due in annual installments of \$75,000 to \$190,000 through March 1, 2022; interest at 4.2 percent to 6 percent	2,180,000
\$3,600,000 2002 General Obligation MBIA Bond due in annual installments of \$180,000 through December 1, 2022; interest at 3%	3,060,000
\$1,500,000 2005 General Obligation Bonds due in annual installments of \$45,000 to \$110,000 through October 1, 2025; interest at 4.25% to 5.625%	1,455,000
\$2,000,000 2006 General Obligation Bonds due in annual installments of \$60,000 to \$150,000 through May 1, 2026; interest at 4.40% to 5%	<u>2,000,000</u>
Total	<u><u>\$ 9,575,000</u></u>

General Obligation Bonds payable out of business-type activities:

\$2,000,000 1988 Sewer Bonds due in annual installments of \$45,000 to \$190,000 through January 1, 2008; interest at 7.0 percent to 9.5 percent	<u><u>\$ 360,000</u></u>
--	--------------------------

CITY OF GREENWOOD, MISSISSIPPI  
Notes to Financial Statements  
September 30, 2006

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

F. Long-term debt (Continued):

2. Notes Payable

\$1,300,000 Mississippi Development Authority Capital Improvements Loan due in monthly installments of \$12,553 for 120 months at 3% following the completion of the capital improvements to be repaid by Viking Range Corporation in monthly rent (subject to forfeiture of sales tax allocations and/or homestead exemption reimbursements upon nonpayment). \$ 882,530

3. State Revolving Loans

The City entered into loan agreements with the Mississippi Department of Environmental Quality to rehabilitate its sewer system. State revolving loans payable at September 30, 2006 are as follows:

\$2,608,776 Sewer Rehab Revolving loan due in monthly installments of \$16,721 beginning October 1, 1998, through April 1, 2018; interest at 4.5% \$ 1,808,783

\$3,693,229 Sewer Rehab Revolving loan due in monthly installments of \$21,799 beginning April 1, 2000, through October 1, 2019; interest at 3.5% 2,742,782

\$3,070,456 Sewer Rehab Revolving loan due in monthly installments of \$17,348 beginning November 1, 2001, through May 1, 2021; interest at 3% 2,467,606

Total \$ 7,019,171

The City has begun the Sewer Rehab Revolving Loan Phase IV project and has been advanced \$2,924,076 in proceeds at September 30, 2006. The loan amount is anticipated to be \$7,710,093 with an interest rate of 2%. An amortization schedule will not be done until the final loan agreement is prepared at the close of the project.

These loans will be repaid by a reduction in sales tax revenue received from the State Tax Commission each month.

**CITY OF GREENWOOD, MISSISSIPPI**  
**Notes to Financial Statements**  
**September 30, 2006**

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

**F. Long-term debt (Continued):**

**4. Long-term Debt Transactions**

A summary of long-term debt transactions for the year ended September 30, 2006, was as follows (in thousands of dollars):

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
General Obligation bonds	\$ 3,410	\$ 3,500	\$ 395	\$ 6,515	\$ 400
General Obligation MBIA bond	3,240	-	180	3,060	180
Notes payable	8	875	-	883	37
Capital lease	250	-	55	195	58
Compensated absences	206	193	206	193	193
<b>Total governmental activities</b>	<b>\$ 7,114</b>	<b>\$ 4,568</b>	<b>\$ 836</b>	<b>\$ 10,846</b>	<b>\$ 868</b>
<b>Business-type activities:</b>					
General obligation bonds	\$ 520	-	\$ 160	\$ 360	\$ 170
State revolving loans (DEQ)	7,430	2,924	411	9,943	426
Compensated absences	139	137	139	137	137
<b>Total business-type activities</b>	<b>\$ 8,089</b>	<b>\$ 3,061</b>	<b>\$ 710</b>	<b>\$ 10,440</b>	<b>\$ 733</b>

**5. Legal Debt Margin and Debt Covenants**

The City's legal debt margin for the issuance of general obligation bonds was \$7,563,711 at September 30, 2006.

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

CITY OF GREENWOOD, MISSISSIPPI  
Notes to Financial Statements  
September 30, 2006

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

F. Long-term debt (Continued):

6. Annual Maturities Requirements

The annual requirements to amortize all long-term debts outstanding as of September 30, 2006, including interest, by source of retirement are as follows:

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

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>		<u>(Memorandum Only)</u>
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 400,000	\$ 305,262	\$ 705,262
2008	430,000	282,049	712,049
2009	445,000	257,194	702,194
2010	470,000	231,088	701,088
2011	245,000	203,284	448,284
2012-2016	1,420,000	834,660	2,254,660
2017-2021	1,815,000	497,604	2,312,604
2022-2026	1,290,000	141,113	1,431,113
Totals	\$ 6,515,000	\$ 2,752,254	\$ 9,267,254

**General Obligation Sewer Bond Fund (Charge for Sewer Add-on Fees)**

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>		<u>(Memorandum Only)</u>
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 170,000	\$ 191,313	\$ 361,313
2008	190,000	197,363	387,363
Totals	\$ 360,000	\$ 388,676	\$ 748,676

**General Fund (General Fund Revenues)**

<u>Fiscal Year</u>	<u>Capital Lease</u>		<u>(Memorandum Only)</u>
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 16,449	\$ 567	\$ 17,016
2008	5,626	46	5,672
Totals	\$ 22,075	\$ 613	\$ 22,688

**Fire Protection Fund (State Fire Protection Revenues)**

<u>Fiscal Year</u>	<u>Capital Lease</u>		<u>(Memorandum Only)</u>
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 41,057	\$ 6,056	\$ 47,113
2008	42,481	4,632	47,113
2009	43,980	3,133	47,113
2010	45,519	1,593	47,112
Totals	\$ 173,037	\$ 15,414	\$ 188,451

CITY OF GREENWOOD, MISSISSIPPI  
Notes to Financial Statements  
September 30, 2006

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

F. Long-term debt (Continued):

6. Annual Maturities Requirements (Continued):

Industrial Rent #255 (Milwaukee Tool Rents)

<u>Fiscal Year</u>	<u>General Obligation MBIA Bond</u>		<u>(Memorandum Only)</u>
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 180,000	\$ 89,100	\$ 269,100
2008	180,000	83,700	263,700
2009	180,000	78,300	258,300
2010	180,000	72,900	252,900
2011	180,000	67,500	247,500
2012-2016	900,000	256,500	1,156,500
2017-2021	900,000	121,500	1,021,500
2022-2023	360,000	10,800	370,800
<b>Totals</b>	<b>\$ 3,060,000</b>	<b>\$ 780,300</b>	<b>\$ 3,840,300</b>

Viking CAP Loan (Viking Range Rents)

<u>Fiscal Year</u>	<u>CAP Loan</u>		<u>(Memorandum Only)</u>
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 37,351	\$ 12,860	\$ 50,211
2008	114,319	36,316	150,635
2009	117,796	32,839	150,635
2010	121,379	29,256	150,635
2011	125,071	25,564	150,635
2012-2016	684,782	68,391	753,173
2017-2021	99,302	1,122	100,424
<b>Totals</b>	<b>\$ 1,300,000</b>	<b>\$ 206,348</b>	<b>\$ 1,506,348</b>

Sewage Enterprise Fund (Sales Tax Revenues)

<u>Fiscal Year</u>	<u>State Revolving Loans</u>		<u>(Memorandum Only)</u>
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 426,031	\$ 244,388	\$ 670,419
2008	441,746	228,673	670,419
2009	458,057	212,362	670,419
2010	474,986	195,433	670,419
2011	492,559	177,860	670,419
2012-2016	2,750,698	601,395	3,352,093
2017-2021	1,975,094	119,101	2,094,195
2022-2026	-	-	-
<b>Totals</b>	<b>\$ 7,019,171</b>	<b>\$ 1,779,212</b>	<b>\$ 8,798,383</b>

**CITY OF GREENWOOD, MISSISSIPPI**  
**Notes to Financial Statements**  
**September 30, 2006**

**NOTE 4 - PENSION PLANS**

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

**A. Public Employees' Retirement System**

**1. Plan Description and Provisions**

Substantially all City of Greenwood and Greenwood Utilities employees participate in PERS, a multi-employer, cost-sharing defined benefit public employee pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by Section 21-29-201 of the Mississippi Code of 1942 as annotated 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 Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS, 39201-1005 or by calling (601)359-3589 or 1-800-444-PERS.

**2. Description of Funding Policy**

PERS members are required to contribute 7.25% of their annual covered salary, and the City of Greenwood, Greenwood Utilities, and the Greenwood-Leflore Public Library are required to contribute at an actuarially determined rate. The current rate is 11.3% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature.

*Annual Pension Cost.* For 2006, the City's and Greenwood Utilities' annual pension cost of \$700,159 and \$408,380 for PERS was equal to the City's and Greenwood Utilities' required and actual contributions.

**Three-Year Trend Information for PERS**  
(Dollar amounts in Thousands)

Fiscal Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed
<b>City of Greenwood</b>		
9/30/2004	\$ 596	100%
9/30/2005	\$ 642	100%
9/30/2006	\$ 700	100%
<b>Greenwood Utilities</b>		
9/30/2004	\$ 341	100%
9/30/2005	\$ 360	100%
9/30/2006	\$ 408	100%

CITY OF GREENWOOD, MISSISSIPPI  
Notes to Financial Statements  
September 30, 2006

**NOTE 4 - PENSION PLANS (CONTINUED):**

**B. Disability and Relief - Municipal Retirement Systems Pension Plan**

**1. Plan Description**

The City of Greenwood contributes to the Municipal Retirement Systems and Fire and Police Disability and Relief Funds (MRS), an agent multiple-employer defined benefit pension plan administered by the Public Employees' Retirement System of Mississippi (PERS). The City's uniformed police officers and firefighters employed prior to April 1, 1976, participate in MRS. Firefighters and police officers employed subsequent to April 1, 1976, are members of the Public Employees' Retirement System of the State as previously described. MRS provides retirement and disability benefits and death benefits to plan members and beneficiaries. Benefit provisions are established by Sections 21-29, Articles 1, 3, 5, and 7, Mississippi Code Ann. (1972) and annual local and private legislation. Only the Legislature of the State of Mississippi can amend the plan. PERS issues a publicly available financial report that includes financial statements and required supplementary information for MRS. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS, 39201-1005 or by calling (601)359-3589 or 1-800-444-PERS.

**2. Basis of Accounting**

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

**3. Funding Status and Progress**

The actuarial accrued liability is a measure intended to (i) help users assess the plan's funding status on a going-concern basis, and (ii) assess progress being made in accumulating sufficient assets to pay benefits when due. For the years ending September 30, 1994, and prior, the actuarial value of assets was equal to book value. Beginning with the September 30, 1995, actuarial valuation, the actuarial value of assets will be determined on a market related basis that recognizes 20% of the previously unrecognized and unanticipated gains and losses (both realized and unrealized). Allocation of the actuarial present value of

CITY OF GREENWOOD, MISSISSIPPI  
Notes to Financial Statements  
September 30, 2006

NOTE 4 - PENSION PLANS (CONTINUED):

B. Disability and Relief - Municipal Retirement Systems Pension Plan  
(Continued):

3. Funding Status and Progress (Continued):

projected benefits between past and future service was based on service using the entry age actuarial cost method. Assumptions, including projected pay increases, were the same as used to determine the system's annual required contribution between entry age and assumed exit age. Entry age was established by subtracting credited service from current age on the valuation date.

The entry age actuarial accrued liability was determined as part of an actuarial valuation of the system (but not used for funding purposes) as of September 30, 2006. Significant actuarial assumptions used in determining the entry age actuarial accrued liability include: (a) a rate of return on the investment of present and future assets of 8% per year compounded annually, (b) projected salary increases of 4.5%-6.00% per year compounded annually, attributable to inflation, and (c) additional projected salary increases of 4% per year compounded annually, attributable to seniority/merit.

At September 30, 2006, the unfunded actuarial accrued liability was determined as follows:

Actuarial Accrued Liability	(In Thousands of Dollars)
Retirees and beneficiaries currently receiving benefits	\$ 9,322
Active members	659
Vested terminated members not yet receiving benefits	-
Total actuarial accrued liability	9,981
Actuarial value of assets	3,064
Unfunded actuarial accrued liability	\$ 6,917

During the year ended September 30, 2006, the System experienced a net change of \$(150) in the actuarial accrued liability.

**CITY OF GREENWOOD, MISSISSIPPI**  
**Notes to Financial Statements**  
**September 30, 2006**

**NOTE 4 - PENSION PLANS (CONTINUED):**

**B. Disability and Relief - Municipal Retirement Systems Pension Plan**  
**(Continued):**

**3. Funding Status and Progress (Continued):**

<b>SCHEDULE OF FUNDING PROGRESS</b> (\$ Thousands)						
Plan Year Ended	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry Age	(3) Percent Funded (1)/(2)	(4) Unfunded AAL (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded AAL as a Percentage of Covered Payroll (4)/(5)
9/30/97	\$2,356	\$10,664	22.1%	\$8,308	\$276	3,010.1%
9/30/98	\$2,706	\$10,646	25.4%	\$7,940	\$249	3,188.8%
9/30/99	\$2,929	\$10,524	27.8%	\$7,595	\$253	3,002.0%
9/30/00	\$3,289	\$10,523	31.3%	\$7,234	\$273	2,649.8%
9/30/01	\$3,363	\$10,558	31.9%	\$7,195	\$243	2,960.9%
9/30/02	\$3,497	\$10,429	33.5%	\$6,932	\$206	3,365.1%
9/30/03	\$3,392	\$10,349	32.8%	\$6,957	\$178	3,908.4%
9/30/04	\$3,151	\$10,196	30.9%	\$7,045	\$176	4,002.8%
9/30/05	\$2,980	\$10,131	29.4%	\$7,151	\$186	3,844.6%
9/30/06	\$3,064	\$9,981	30.7%	\$6,917	\$109	6,345.9%

Numbers shown above reflect all changes in benefit provisions, actuarial assumptions, and/or actuarial methods.

Note: All amounts prior to 2005 reported by prior actuarial firm.

**4. Contributions Required and Contributions Made**

The funding policy for MRS provides for periodic employer contributions at actuarially determined rates that are designed to accumulate sufficient assets to pay benefits when due. In developing the annual required contribution shown below, the normal cost and actuarial accrued liability are determined using the entry age actuarial cost method. Unfunded actuarial accrued liability is being amortized on a level dollar closed amortization method over 28 years. The City's active MRS members contribute ten percent of their base salaries to the plan. This difference has historically resulted in the actual contribution being less than the annual required contribution.

During the year ended September 30, 2006, contributions totaling \$757,040 - \$740,485 employer and \$16,555 employee - were made in accordance with contribution requirements determined by an actuarial valuation of the System as of September 30, 2005. The employer contributions consisted of \$20,022 for normal cost and administrative expenses and \$720,463 for amortization of the unfunded actuarial accrued liability.

CITY OF GREENWOOD, MISSISSIPPI  
Notes to Financial Statements  
September 30, 2006

NOTE 4 - PENSION PLANS (CONTINUED):

B. Disability and Relief - Municipal Retirement Systems Pension Plan (Continued):

4. Contributions Required and Contributions Made (Continued):

Schedule of employer contributions

SCHEDULE OF EMPLOYER CONTRIBUTIONS			
FISCAL YEAR 10-1/9-30	VALUATION DATE 9-30	ANNUAL REQUIRED CONTRIBUTION	PERCENTAGE CONTRIBUTED
1997-98	1997	718,816	95.4
1998-99	1998	688,624	92.2
1999-00	1999	664,128	116.9
2000-01	2000	639,020	96.0
2001-02	2001	631,868	126.6
2002-03	2002	611,516	99.0
2003-04	2003	615,555	95.4
2004-05	2004	628,037	105.9
2005-06	2005	653,548	113.3
2006-07	2006	629,661	

Note: All amounts prior to 2005 reported by prior actuarial firm.

5. Supplemental Disclosure Information

<u>NUMBER OF ACTIVE AND RETIRED PARTICIPANTS AS OF SEPTEMBER 30, 2006</u>	
<u>GROUP</u>	<u>NUMBER</u>
Retired participants and beneficiaries currently receiving benefits	81
Terminated participants and beneficiaries entitled to benefits but not yet receiving benefits	0
Active participants	3
Inactive participants	<u>0</u>
Total	84

Annual required contribution (ARC) of the employer as a dollar amount, determined in accordance with the parameters of GASB 25/27, is shown below:

2006/2007 FISCAL YEAR ANNUAL REQUIRED CONTRIBUTION (ARC) BASED ON THE VALUATION AS OF SEPTEMBER 30, 2006	
Normal	\$ 12,039
Accrued liability	617,621
Total	\$629,660

Continued

**CITY OF GREENWOOD, MISSISSIPPI**  
**Notes to Financial Statements**  
**September 30, 2006**

**NOTE 4 - PENSION PLANS (CONTINUED):**

**B. Disability and Relief - Municipal Retirement Systems Pension Plan**  
**(Continued):**

**5. Supplemental Disclosure Information (Continued):**

Additional information as of September 30, 2006:

Valuation date	9/30/06
Actuarial cost method	Entry age
Amortization method	Level dollar closed
Remaining amortization period	28 years
Asset valuation method	5-year smoothed market
Actuarial assumptions:	
Investment rate of return *	8.00%
Projected salary increases *	4.50%-6.00%
*includes price inflation at	3.75%
#includes wage inflation at	4.00%
Cost-of-living adjustments	None

**NOTE 5 - OTHER INFORMATION**

**A. Risk Management**

**1. Unemployment Benefits**

The City maintains an Unemployment Compensation Revolving Fund established pursuant to state law. In addition to funding all valid claims, the City is required to maintain the balance in the fund at no less than 2% of the first \$6,000 paid each employee during the preceding year. As of September 30, 2006, the required amounts were funded. Claims totaled \$2,281 during fiscal year 2006 for the City of Greenwood. Greenwood Utilities paid no claims for fiscal year 2006 and paid \$3,816 as a .5% employer.

**2. Group Employee Benefits**

Additionally, the City maintains the Employees' Group Benefit Fund (Internal Service Fund) to account for the accumulation of revenues, principally contributions from the City of Greenwood and employees, to be used to fund future liabilities and current payment of employee medical claims and related administration expenditures of the City's group benefit plan. Revenues, including interest income and reinsurance funds, totaled \$1,572,053, and employee benefit costs and administrative expenses were \$1,718,118 during fiscal year 2006. Claims incurred but not reported at September 30, 2006, in the Employees' Group Benefit Fund are provided for in claims payable and totaled \$104,067.

Greenwood Utilities maintains a Medical Plan Reserve Fund to account for the accumulation of revenues, principally contributions from the utility and employees, to be used to fund future liabilities and current payment of employee medical claims and related administration expenditures of the utilities' medical plan. Revenues totaled \$1,222,804 and employee benefit costs were \$1,186,065 during fiscal year 2006. Claims incurred but not reported at September 30, 2006, in the Medical Plan Reserve Fund are included in group medical insurance claims allowance as a restricted liability and totaled \$86,895.

CITY OF GREENWOOD, MISSISSIPPI  
Notes to Financial Statements  
September 30, 2006

NOTE 5 - OTHER INFORMATION (CONTINUED):

A. Risk Management (Continued):

3. The following table provides a reconciliation of changes in liabilities for claims for the City of Greenwood (Greenwood Utilities not included):

	Unemployment	
	Benefits Fund	Employee Benefit Fund
Beginning balance, 10/1/04	\$ 84,743	\$ 337,338
Current year claims	-	1,244,125
Interest earnings	2,347	11,116
Claims payments	-	(1,305,760)
Ending balance, 9/30/05	87,090	286,819
Current year claims		1,564,641
Interest earnings	2,458	7,412
Claims payments		(1,718,118)
Ending balance, 9/30/06	<u>\$ 89,548</u>	<u>\$ 140,754</u>

4. Workers' Compensation Benefits

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

Greenwood Utilities purchases insurance for its workers' compensation coverage.

5. Tort Liability

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

**CITY OF GREENWOOD, MISSISSIPPI**  
**Notes to Financial Statements**  
**September 30, 2006**

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

**A. Risk Management (Continued):**

**5. Tort Liability (Continued):**

In order to assure compliance with the Tort Claims Act, the Mississippi Tort Claims Board was established by House Bill 417. Municipalities are required to submit plans of insurance, self-insurance and/or reserves to the Tort Claims Board for approval.

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

The City of Greenwood, Greenwood Utilities, the Greenwood Tourism Commission and the Greenwood-Leflore Public Library are in compliance by purchasing liability insurance through the Mississippi Municipal Liability Plan (MMLP), a public entity risk pool. The group is a risk-sharing pool; such a pool is frequently referred to as a self-insurance pool. MMLP covers risks of loss against members in the group arising from claims related to torts and other liability claims. The Mississippi Municipal Liability Commission 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 \$250,000 per occurrence. The policy also covers up to \$1,000,000 in federal claims. If total claims during a year were to deplete the trust account, then the pool members would be required to pay for the deficiencies. Settled claims resulting from these insured risks have not exceeded the City's insurance coverage since it joined the pool, and the members have not had an additional assessment for excess losses incurred by the pool.

**6. Real and Personal Property Insurance**

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

**B. Commitments**

MEAM Power Purchase Contract:

Greenwood Utilities is a participant in the Municipal Energy Agency of Mississippi (MEAM). The function of MEAM is to provide a continued source of electrical power to its participants at the best possible rates. In 1984, Greenwood Utilities entered into a power purchase contract and power sales contract with MEAM which provides that Greenwood Utilities will purchase its electrical power from MEAM through the year 2014. Greenwood Utilities agreed to sell MEAM the excess capacity and electrical power generated by its generating stations, resulting in all the electrical power requirements of Greenwood Utilities being purchased from MEAM per the contract. These contracts may be terminated by MEAM upon termination of the interconnection agreement between MEAM and Entergy. Greenwood Utilities may terminate the contracts

**CITY OF GREENWOOD, MISSISSIPPI**  
**Notes to Financial Statements**  
**September 30, 2006**

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

**B. Commitments (Continued):**

following termination of MEAM's interconnection agreement or two (2) years written notice to MEAM of intent to terminate.

Sales Tax Pledge:

The City has pledged sales tax reimbursements from the State of Mississippi to pay the Department of Environmental Quality for four sewer rehab revolving loans to the Sewage Enterprise Fund. The outstanding balances of these loans at September 30, 2006, were \$1,808,783, \$2,742,782, 2,467,606 and \$2,924,076, respectively. Detailed information is provided in Note 3.

**C. Contingent Liabilities**

**Grants**

The City participates in a number of state and federally funded grant programs, principal of which are U. S. Department of Transportation grants and U. S. Department of Housing and Urban Development grants. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the City may be required to reimburse the grantor government. As of September 30, 2006, the City believes that disallowed expenditures, if any, discovered in subsequent audits will not have a material affect on any of the individual funds or the overall financial position of the City.

**Litigation**

Greenwood Utilities is involved as a plaintiff in litigation against General Electric Company, Triconex Systems, Inc., and Upchurch Plumbing, Inc. This litigation arose from construction contracts entered into by Greenwood Utilities with these parties in connection with the upgrade of the turbine generator at the Henderson Generating Station. Suit has been filed, but since Greenwood Utilities is not being sued, there is no exposure to the company for any monetary losses due to legal liability. When the construction companies were testing the upgrade of the turbine generator, it did not perform properly and was damaged in the process. While the lawsuit remains pending, Greenwood Utilities entered into an agreement with General Electric Company for the repair of the turbine generator until such time as final rulings are made by the court as to responsible parties and the amount of damages to be refunded for the repair cost. Under the agreement with General Electric Company, Greenwood Utilities is responsible for paying up to the sum of \$1,500,000 for the repair work to the turbine generator. If the actual cost of repairing the generator exceeds that sum, General Electric will be paid any balance only after the courts have ruled on the pending litigation. If the cost is less than \$1.5 million, GE will refund an appropriate sum to Greenwood Utilities. General Electric Company charged Greenwood Utilities \$279,439 for additional work not covered in this agreement but is related to the gas turbine not performing properly and may be recovered. This agreement was authorized by the Greenwood Utilities Commission in order that this turbine generator unit could be repaired and returned to service.

On July 12, 2005, the Leflore County Circuit Court issued its preliminary ruling in this matter, awarding a verdict in favor of Greenwood Utilities

**CITY OF GREENWOOD, MISSISSIPPI**  
**Notes to Financial Statements**  
**September 30, 2006**

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

**C. Contingent Liabilities (continued):**

and against Triconex Systems, Inc., in the amount of \$2,622,454. The court awarded a judgment to General Electric and against Greenwood Utilities in the amount of \$289,478, which represents the additional charges for the repair work conducted by General Electric Company. Neither of these judgments are final as of March 31, 2006, as the court still has under consideration post-trial motions. Thereafter, it is anticipated that an appeal to the Mississippi Supreme Court may ensue.

The City is a defendant in a number of legal actions seeking actual and punitive damages. The City is vigorously defending all matters of litigation and believes there will be no material adverse financial effect. The City believes that liability insurance will cover any possible claims.

**Milwaukee Tool MBIA Bond Issue**

The City issued \$3,600,000 General Obligation MBIA Bond, Series 2002, on December 1, 2002, for Milwaukee Electric Tool Corporation. Milwaukee Electric Tool Corporation is leasing the real property from the City for 12,166 monthly and adjusted to \$24,864 monthly beginning August 2003, for the initial term and all renewal periods. The lease between the City and Milwaukee Tool is for 5 years commencing on November 15, 2001, with an option to renew for three (3) additional 5-year terms.

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

**Viking CAP Loan**

The City entered into a \$1,300,000 capital improvements loan with the Mississippi Development Authority in order to purchase and renovate an industrial property for Viking Range Corporation. At the same time, Viking Range Corporation entered into a lease agreement with the City of Greenwood with the payments being equal to the note payments due Mississippi Development Authority. Should Viking Range Corporation default on its payments, the City of Greenwood shall forfeit its sales tax allocation and/or homestead exemption reimbursement in an amount sufficient to repay the obligation.

**CITY OF GREENWOOD, MISSISSIPPI**  
**Notes to Financial Statements**  
**September 30, 2006**

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

**D. Joint Ventures**

The following provides the summary financial information of the Greenwood-Leflore Airport and the Greenwood-Leflore Industrial Board as of September 30, 2005 (September 30, 2006, not yet issued):

**Greenwood-Leflore Airport**

Total assets	\$ 7,306,689
Total liabilities	\$ 90,915
Total net assets	\$ 7,215,774
Total program and general revenues	\$ 971,189
Total expenses	\$ 559,794
Change in net assets	\$ 411,395
Accrued compensated absences	\$ 11,845

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

**Greenwood-Leflore Industrial Board**

Total assets	\$ 24,736
Total liabilities	\$ 24,736
Total net assets	\$ -
Total program and general revenues	\$ 205,328
Total expenses	\$ 205,328
Change in net assets	\$ -
Accrued compensated absences	\$ 5,442

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

CITY OF GREENWOOD, MISSISSIPPI  
Notes to Financial Statements  
September 30, 2006

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

**E. Economic Dependence**

The electricity Greenwood Utilities generates is sold to MEAM. The electricity that is sold to customers is purchased from MEAM. More electricity is purchased from MEAM than is generated, resulting in Greenwood Utilities being dependent on MEAM for purchased power.

**F. Prior-Year Defeasance of Debt**

In prior years, the City defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. As of September 30, 2006, \$390,000 of bonds outstanding was defeased.

**G. Comprehensive Income**

Net comprehensive income is equal to net income.

**NOTE 6 - PRIOR PERIOD ADJUSTMENTS**

*Correction of error* - Adjustments to correct a prior year error in recording an asset or liability.

*Reclass fund equity* - An adjustment to reclass a fund from one fund type to another.

In 2006, the City recorded adjustments to its governmental funds financial statements. The adjustments were to correct the following:

Adjustment to record returned checks and correct clearing account balance	\$ 94
	<hr/>
	\$ 94
	<hr/> <hr/>

In 2006, the City recorded adjustments to its proprietary funds financial statements. The adjustments were to correct the following:

Adjustment to correct recording of wastewater effluent prior year expenses and preliminary design expenses for the sewer rehab phase IV	\$ (6,675)
	<hr/> <hr/>

CITY OF GREENWOOD, MISSISSIPPI  
Notes to Financial Statements  
September 30, 2006

**NOTE 6 - PRIOR PERIOD ADJUSTMENTS (CONTINUED):**

In 2006, the City recorded adjustments to its government-wide financial statements. The adjustments were to correct the following:

Adjustment to record returned checks and correct clearing account balance	\$ 94
Adjust to correct recording of wastewater effluent prior year expenses and preliminary design expenses for the sewer rehab phase IV	(6,675)
Adjustment to record streets acquired before 2003 at book value as of 9/30/05	<u>2,438,656</u>
	<u><u>\$ 2,432,075</u></u>

**SUPPLEMENTAL INFORMATION**

CITY OF GREENWOOD, MISSISSIPPI  
 Schedule of Investments - All Funds  
 September 30, 2006

<u>ENTERPRISE FUNDS</u>	<u>Issue</u>	<u>Maturity</u>	<u>Interest</u>	<u>Amount</u>
	<u>Date</u>	<u>Date</u>	<u>Rate</u>	
<u>Greenwood Utilities Fund:</u>				
Certificate of Deposit	08/08/06	02/06/07	5.410 %	\$ 2,675,000
Certificate of Deposit	06/25/06	02/23/07	5.360	2,750,000
Certificate of Deposit	03/15/06	03/15/07	5.076	1,125,000
Certificate of Deposit	09/20/06	03/21/07	5.341	3,525,000
Certificate of Deposit	05/17/06	05/17/07	5.430	<u>1,600,000</u>
 Total Enterprise Funds				 <u>11,675,000</u>
 Total All Funds				 <u>\$ 11,675,000</u>
 Per Financial Statements:				
Current investments				\$ 1,384,381
Restricted investments				10,290,619
Short-term certificate of deposit in cash and cash equivalents				<u>-</u>
 Total per financial statements				 <u>\$ 11,675,000</u>

CITY OF GREENWOOD, MISSISSIPPI  
 Reconciliation of Original Ad Valorem Tax Rolls to Fund Collections  
 On 2005 Ad Valorem Taxes  
 For the Year Ended September 30, 2006

<u>ADJUSTED ASSESSED VALUATION</u>	<u>Value</u>	<u>Tax</u>
City:		
Realty	\$ 64,226,444	
Personal-Other Than Auto	14,512,693	
Public Utilities	<u>6,954,416</u>	
 Total City @ 48.74 Mills	 <u>\$ 85,693,553</u>	 \$ 4,176,704
 Less: Homestead Exemption Allowed		 <u>(327,083)</u> \$ 3,849,621
Separate School District:		
Realty	\$ 66,453,621	
Personal-Other Than Auto	16,959,434	
Public Utilities	<u>6,741,435</u>	
 Total Separate School District @ 47.00 Mills	 <u>\$ 90,154,490</u>	 \$ 4,237,261
 Less: Homestead Exemption Allowed		 <u>(553,629)</u> 3,683,632
 Add: Actual Homestead Reimbursement	 \$ 437,852	
Privilege Tax Distribution collected by County	16,303	
Motor Vehicle Rental Tax collected by County	64,287	
Auto Ad Valorem collected by County	1,401,665	
Mobile Home Ad Valorem collected by County	11,858	
Dilapidated Housing Assessments uncollected	23,413	
Prior Year Tax Collections	92,386	
Penalties & Interest on Delinquent Taxes	89,610	
Payments in Lieu of Taxes	<u>21,124</u>	2,158,498
 Deduct: County Tax Collector's Commissions		 <u>(218,756)</u>
 Total to be Accounted For		 <u>\$ 9,472,995</u>

Continued

<u>CREDITS</u>	<u>Taxes</u>	<u>Homestead Reimbursement</u>	<u>Totals</u>
Collections Allocated to:			
General Fund	\$ 3,413,806	\$ 158,340	\$ 3,572,146
General Obligation			
Bond & Interest Fund	551,559	26,457	578,016
Disability & Relief Fund	710,926	34,139	745,065
School Fund	4,273,816	218,916	4,492,732
School Minimum Program Fund	29	-	29
	<u>\$ 8,950,136</u>	<u>\$ 437,852</u>	<u>9,387,988</u>
Balance represented by:			
Unpaid Realty & Dilapidated Housing			49,747
Unpaid Personalty			37,732
Unpaid Public Utilities			0
Unaccounted For			<u>(2,472)</u>
Total Accounted For			<u>\$ 9,472,995</u>

CITY OF GREENWOOD, MISSISSIPPI  
 Schedule of Surety Bonds for Municipal Officials  
 September 30, 2006

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Bond</u>
Harry L. Smith	Mayor	Employers Mutual Casualty Co.	\$ 176,000
John Jennings, Jr.	Councilman	Travelers Casualty	100,000
Taylor Dillard	Councilman	Travelers Casualty	100,000
John Lee	Councilman	Travelers Casualty	100,000
Charles E. McCoy, Sr.	Councilman	Travelers Casualty	100,000
Tennille Cannon	Councilman	Travelers Casualty	100,000
Ronald Stevenson	Councilman	Travelers Casualty	100,000
David Jordan	Councilman	Travelers Casualty	100,000
Nick Joseph, Jr.	Chief Administrative Officer	Brierfield Insurance Co.	50,000
Deirdre R. Mayes	City Clerk	Western Surety Company	176,000
Henry Harris	Police Chief	Brierfield Insurance Co.	50,000

**SINGLE AUDIT AND STATE LEGAL COMPLIANCE**

CITY OF GREENWOOD, MISSISSIPPI  
Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2006

FEDERAL AGENCY/PROGRAM	FEDERAL CFDA NUMBER	PASS THROUGH GRANTOR'S NUMBER	FEDERAL REVENUE	OTHER REVENUE	EXPENDITURES	
					TOTAL	FEDERAL SHARE
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>						
Passed-through Mississippi Development Authority:						
Community Development Block Grants/ State's Program (State-Administered Small Cities Program)	14.228	1120-03-200-ED-03	\$ 5,173	\$ -	\$ 5,173	\$ 5,173
Community Development Block Grants/ State's Program (State-Administered Small Cities Program)	14.228	1120-03-200-ED-01	-	1,833	105,744	-
Community Development Block Grants/ State's Program (State-Administered Small Cities Program)	14.228	1120-03-200-ED-02	4,284	-	4,284	4,284
Community Development Block Grants/ State's Program (State-Administered Small Cities Program)	14.228	1121-04-200-PF-01	403,403	-	403,398	403,398
<b>TOTAL U.S. DEPARTMENT OF HOUSING &amp; URBAN DEVELOPMENT</b>			<b>412,860</b>	<b>1,833</b>	<b>518,599</b>	<b>412,855</b>
<b>U.S. DEPARTMENT OF JUSTICE</b>						
Direct Programs:						
Local Law Enforcement Block Grants Program	16.592	2004-LB-BX-1263	-	329	3,244	2,908
Bulletproof Vest Partnership Program	16.607	NA	-	3,662	7,324	3,662
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2005-DJ-BX-0254	20,788	-	20,788	20,788
Passed-through Mississippi State Department of Public Safety:						
Violence Against Women Formula Grants	16.588	4SL2131 3SL2131	6,588 19,869	2,178 6,623	8,711 26,492	6,587 19,869
<b>TOTAL U.S. DEPARTMENT OF JUSTICE</b>			<b>47,245</b>	<b>12,792</b>	<b>66,559</b>	<b>53,814</b>
<b>U. S. DEPARTMENT OF LABOR</b>						
Passed-through Mississippi Department of Employment Security:						
WIA Adult Program	17.258	W05-1-083-1071 W06-1-083-1008	1,562 1,488	- -	1,562 1,488	1,562 1,488
<b>TOTAL U.S. DEPARTMENT OF LABOR</b>			<b>3,050</b>	<b>-</b>	<b>3,050</b>	<b>3,050</b>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>						
Passed-through Mississippi Department of Transportation:						
Highway Planning and Construction: (Federal-Aid Highway Program)	20.205	104851-303-000	29,547	9,349	38,270	29,547
Passed-through Mississippi Department of Public Safety:						
Alcohol Countermeasures Grant	20.600	6-TA-213-1	38,502	-	38,502	38,502
Occupant Protection (Occupant Protection Grants)	20.602	6-IN-213-1	10,000	-	10,000	10,000
Direct Program:						
Columbus and Greenville Railroad Track Relocation Project	NA	DTFR53-02-G-00012	3,858	-	10,202	3,858
<b>TOTAL U.S. DEPARTMENT OF TRANSPORTATION</b>			<b>81,907</b>	<b>9,349</b>	<b>96,974</b>	<b>81,907</b>
<b>ENVIRONMENTAL PROTECTION AGENCY</b>						
Passed-through Mississippi Department of Environmental Quality:						
Capitalization Grants for Clean Water State Revolving Funds	66.458	SRF-C280-782-04	2,924,076	-	3,406,199	3,406,199
<b>TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY</b>			<b>2,924,076</b>	<b>-</b>	<b>3,406,199</b>	<b>3,406,199</b>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>						
Passed-through Mississippi Emergency Management Agency:						
Domestic Preparedness Grant	97.067	04HS200 05HS200	7,225 2,990	- -	7,225 2,990	7,225 2,990
<b>TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY</b>			<b>10,215</b>	<b>-</b>	<b>10,215</b>	<b>10,215</b>
<b>TOTAL</b>			<b>\$ 3,479,353</b>	<b>\$ 23,974</b>	<b>\$ 4,101,596</b>	<b>\$ 3,968,040</b>

See accompanying notes to schedule of expenditures of federal awards.

CITY OF GREENWOOD, MISSISSIPPI  
Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2006

NOTE A - LOANS PAYABLE

U. S. DEPARTMENT OF ENVIRONMENTAL  
QUALITY

Passed-through Mississippi Department  
of Environmental Quality:

The City of Greenwood financed its sewer improvements with loans payable to the Department of Environmental Quality.

			LOAN BALANCE
			<u>9/30/2006</u>
Phase I sewer improvements 4.5% note dated October 1, 1998	66.458	SRF-C280782-01-2	\$ 1,808,783
Phase II sewer improvements 3.5% note dated April 1, 2000	66.458	SRF-C280782-02-1	2,742,782
Phase III sewer improvements 3.0% note dated November 1, 2001	66.458	SRF-C280782-03-2	2,467,606
Phase IV sewer improvements 2.0% preliminary loan agreement dated June 16, 2004	66.458	SRF-C280782-04-0	<u>2,924,076</u>
<b>TOTAL LOANS PAYABLE</b>			<b><u>\$ 9,943,247</u></b>

NOTE B - BASIS OF PRESENTATION

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

Billy Joe Killebrew, CPA  
Gay G. Moss, CPA

**KILLEBREW & MOSS, LTD.**  
CERTIFIED PUBLIC ACCOUNTANTS  
404 East Washington Street  
Greenwood, Mississippi 38930  
PHONE: 662-453-9185  
FAX: 662-455-9409

American Institute of CPAs  
Mississippi Society of CPAs  
Delta Chapter of CPAs

**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 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, as of and for the year ended September 30, 2006, which collectively comprise the City of Greenwood, Mississippi's basic financial statements and have issued our report thereon dated August 7, 2007. 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 Greenwood Utilities and the Greenwood Tourism Commission were not audited in accordance with *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City of Greenwood, Mississippi's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

**Compliance and Other Matters**

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

P. O. Box 842 Greenwood, Mississippi 38935-0842  
[billyjoekillebrew@hotmail.com](mailto:billyjoekillebrew@hotmail.com) [gaymoss@hotmail.com](mailto:gaymoss@hotmail.com)

Honorable Mayor and Honorable Members of the City Council  
Page 2  
August 7, 2007

This report is intended solely for the information and use of the City Council, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

KILLEBREW & MOSS, LTD.

*Killebrew & Moss, Ltd.*  
Certified Public Accountants  
August 7, 2007

Billy Joe Killebrew, CPA  
Gay G. Moss, CPA

**KILLEBREW & MOSS, LTD.**  
CERTIFIED PUBLIC ACCOUNTANTS  
404 East Washington Street  
Greenwood, Mississippi 38930  
PHONE: 662-453-9185  
FAX: 662-455-9409

American Institute of CPAs  
Mississippi Society of CPAs  
Delta Chapter of CPAs

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the City Council  
City of Greenwood, Mississippi

**Compliance**

We have audited the compliance of the City of Greenwood, Mississippi, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2006. The City of Greenwood, Mississippi's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Greenwood, Mississippi's management. Our responsibility is to express an opinion on the City of Greenwood, Mississippi's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Greenwood, Mississippi's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Greenwood, Mississippi's compliance with those requirements.

In our opinion, the City of Greenwood, Mississippi, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2006.

**Internal Control Over Compliance**

The management of the City of Greenwood, Mississippi, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Greenwood, Mississippi's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and

P. O. Box 842 Greenwood, Mississippi 38935-0842  
[billyjoekillebrew@hotmail.com](mailto:billyjoekillebrew@hotmail.com) [gaymoss@hotmail.com](mailto:gaymoss@hotmail.com)

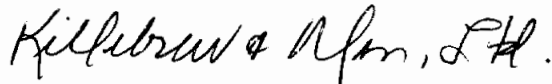
To the City Council  
Page 2  
August 7, 2007

report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, the City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

KILLEBREW & MOSS, LTD.



Certified Public Accountants  
August 7, 2007

Billy Joe Killebrew, CPA  
Gay G. Moss, CPA

**KILLEBREW & MOSS, LTD.**  
CERTIFIED PUBLIC ACCOUNTANTS  
404 East Washington Street  
Greenwood, Mississippi 38930  
PHONE: 662-453-9185  
FAX: 662-455-9409

American Institute of CPAs  
Mississippi Society of CPAs  
Delta Chapter of CPAs

**REPORT ON COMPLIANCE WITH  
STATE LAWS AND REGULATIONS**

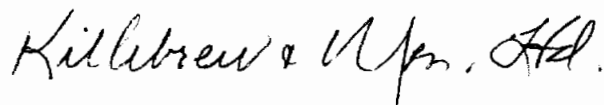
To the City Council  
City of Greenwood, Mississippi

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Greenwood, Mississippi, as of and for the year ended September 30, 2006, which collectively comprise the City of Greenwood, Mississippi's basic financial statements and have issued our report thereon dated August 7, 2007. 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 Greenwood Utilities and the Greenwood Tourism Commission were not audited in accordance with *Government Auditing Standards*.

As required by the state legal compliance audit program prescribed by the Office of the State Auditor, we performed tests of its compliance with certain state laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 Council, management, and the Office of the State Auditor and is not intended to be and should not be used by anyone other than these specified parties.

KILLEBREW & MOSS, LTD.



Certified Public Accountants  
August 7, 2007

CITY OF GREENWOOD, MISSISSIPPI  
Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2006

**Section 1: Summary of Auditor's Results**

1. An unqualified opinion was issued on the basic financial statements.
2. The audit of the basic financial statements did not disclose any material weaknesses in internal control.
3. The audit did not disclose any noncompliance that is material to the basic financial statements.
4. The audit did not disclose any material weaknesses in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit did not disclose any audit findings which are required to be reported under Section \_\_\_\_ .510(a) of OMB Circular A-133.
7. The major programs were the U. S. Department of Housing and Urban Development - Community Development Block Grants/State's Program - CFDA# 14.228, and the Environmental Protection Agency - Capitalization Grants for Clean Water State Revolving Funds - CFDA# 66.458.
8. The dollar threshold used to distinguish between Type A and Type B programs was \$500,000.
9. The auditee did qualify as a low-risk auditee.
10. There are no prior audit findings and questioned costs relative to federal awards which require the auditee to prepare a summary schedule of prior audit findings as discussed in Section \_\_\_\_ .315(b) of OMB Circular A-133.

**Section 2: Financial Statement Findings**

None

**Section 3: Major Federal Awards Program Findings and Questioned Costs**

None