

CITY OF GREENVILLE, MISSISSIPPI

Audited Financial Statements and Special Reports

For the Year Ended September 30, 2017



**Bridgers, Goodman & Aldridge, PLLC
Certified Public Accountants
Vicksburg, Mississippi**

CITY OF GREENVILLE, MISSISSIPPI

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CITY OF GREENVILLE, MISSISSIPPI

FINANCIAL SECTION

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PRIVATE COMPANIES PRACTICE SECTION

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Greenville
Greenville, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Greenville, Mississippi, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Greenville, Mississippi, as of September 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in NOTE 14: CONTINGENCIES: Litigation, the City has entered into a “Partial Consent Decree” with the United States Environmental Protection Agency, the Department of Justice, and the Mississippi Department of Environmental Quality concerning its waste water treatment plant and waste water collection system which will commit the City to a significant investment in its sewer system infrastructure. (The financing of which has yet to be fully determined). Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the –Management’s Discussion and Analysis, the Budgetary Comparison Schedule and corresponding notes, the Schedule of the City’s Proportionate Share of the New Pension Liability, Schedule of the City’s Contributions, and the Schedule of Funding Progress – Other Postemployment Benefits be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Greenville, Mississippi’s basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 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, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of

Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Schedule of Surety Bonds for City Officials, Reconciliation of Tax Assessments to Fund Collections- 2016 Tax Rolls, and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

The accompanying section of Statistical Information on pages 72 through 76, as listed in the table of contents, is presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2018 on our consideration of the City of Greenville, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Greenville, Mississippi's internal control over financial reporting and compliance.

Bridgers, Goodman & Aldridge, PLLC



Bridgers, Goodman & Aldridge, PLLC
Certified Public Accountants
Vicksburg, Mississippi

June 22, 2018

CITY OF GREENVILLE, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF GREENVILLE, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2017

Our discussion and analysis of the City of Greenville's financial performance provides an overview of the City's financial activities for the year ended September 30, 2017. Readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the City's financial performance.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the City of Greenville exceeded its liabilities and deferred inflows at the close of the 2017 fiscal year by \$189,164,623 (net position).
- The net position of the City includes: \$217,913,080 invested in capital assets, net of related debt; \$2,873,632 in expendable and non-expendable net position; and a deficit in unrestricted net position of \$(31,622,089).
- Total assets increased \$683,339 or 0.28% from 2016.
- Total liabilities decreased \$5,712,639 or -9.57% from 2016. The decrease is primarily due to the net pension liability decrease of \$6,456,000.
- The City's total net position decreased \$1,111,822 or -0.58% from 2016.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Greenville, Mississippi's basic financial statements which are comprised of three components: 1) Government-wide financial statements, 2) Fund financial statements, 3) Notes to the financial statements. Required Supplementary Information is included in addition to the basic financial statements.

Figure 1: Required Components of the City's Annual Report

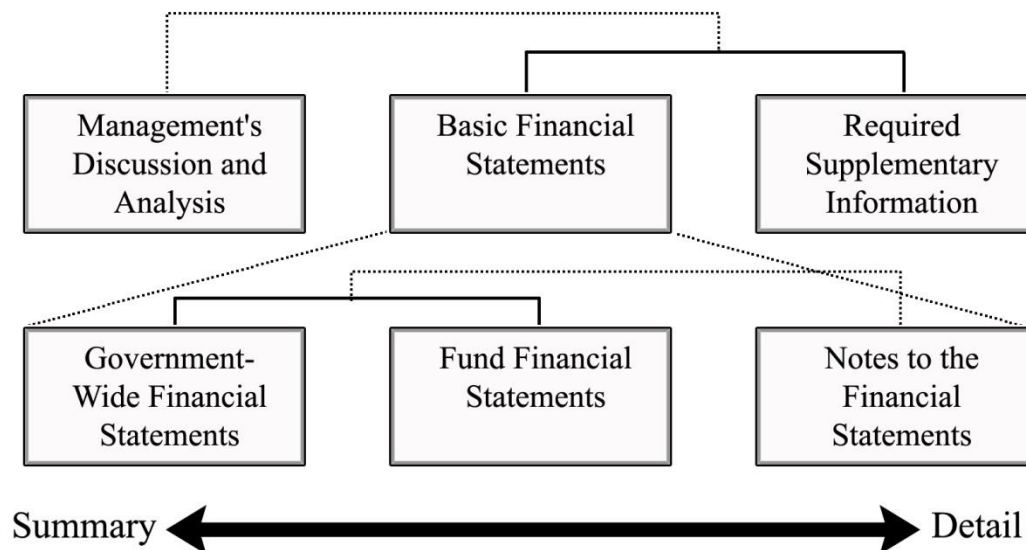


Figure 1 shows how required parts of this annual report are arranged and relate to one another.

CITY OF GREENVILLE, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2017

Figure 2 summarizes the major features of the City's financial statements, including the portion of the City's government they cover and the types of information they contain. The remainder of this section of Management's Discussion and Analysis explains the structure and content of each of the statements.

Figure 2: Major Features of the City's Government-Wide and Fund Financial Statements

| Government-Wide Financial Statements | | Fund Financial Statements | | |
|--|---|---|---|---|
| | | Governmental Funds | Proprietary Funds | Fiduciary Funds |
| Scope | Entire City government (except fiduciary funds) | All activities of the City that are not business-type or fiduciary in nature | Activities of the City that operate similar to private businesses | The City is the trustee or agent for someone else's resources |
| Required financial statements | <ul style="list-style-type: none"> ● Statement of net position ● Statement of activities | <ul style="list-style-type: none"> ● Balance sheet ● Statement of revenues, expenditures and changes in fund balances | <ul style="list-style-type: none"> ● Statement of net position ● Statement of revenues, expenses and changes in net assets ● Statement of cash flows | <ul style="list-style-type: none"> ● Statement of fiduciary net position ● Statement of changes in net position |
| Accounting basis and measurement focus | Accrual accounting and economic resources focus | Modified accrual accounting and current financial resources focus | Accrual accounting and economic resources focus | Accrual accounting and economic resources focus |
| Type of asset, deferred outflow, liability, deferred inflow information | All assets, deferred outflows, liabilities, and deferred inflows, both financial and capital and short and long term | Only assets and deferred outflows expected to be used up and liabilities and deferred inflows that come due during the year or soon thereafter; no capital assets included | All assets, deferred outflows, liabilities, and deferred inflows, both financial and capital, and short and long term | All assets, deferred outflows, liabilities, and deferred inflows, both short and long term |
| Type of inflow/outflow information | All revenues and expenses during year, regardless of when cash is received or paid | Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services are received and payment is due during the year or soon thereafter | All revenues and expenses during year, regardless of when cash is received or paid | All revenues and expenses during year, regardless of when cash is received or paid |

CITY OF GREENVILLE, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2017

1) Government-wide Financial Statements. The government-wide financial statements presented on pages 15 and 16 are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business.

The **Statement of Net Position** presents information on all of the City's assets, deferred outflows, liabilities, and deferred inflows, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The **Statement of Activities** presents information showing the City's change in net position during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their cost through user fees and charges (business-type activities).

The government activities of the City include general government, public safety, public works, highways and streets, health and sanitation, culture and recreation, airport, economic development, debt service, and pension expense.

2) Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: (1) governmental funds, (2) proprietary funds and (3) fiduciary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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 effect 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 Greenville maintains 23 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Parks & Recreation, which are considered to be major funds. All other funds are considered non-major and are presented in a single column. The governmental fund financial statements are presented on pages 17 through 20.

The City of Greenville adopts an annual budget. Budgetary comparison schedules have been provided on pages 53 through 63 for the General Fund and the Major Fund Parks & Recreation to demonstrate compliance with this budget.

CITY OF GREENVILLE, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2017

Proprietary Funds. The City maintains two types of proprietary funds - an enterprise fund and an internal service fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses the enterprise fund to account for water and sewer, and sanitation operations. The fund is financed primarily through user fees. The internal service fund accounts for the accumulation of amounts used for maintaining the City's fleet of mobile equipment and vehicles.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements are presented on pages 21 through 23.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City used 5 fiduciary funds consisting of the police and fire pension, city separate school district tax clearing fund, payroll clearing fund, state fine assessment fund, and unemployment tax reserve. The combined fiduciary financial statement of assets and liabilities can be found on page 24.

3) Notes to the Financial Statements. The notes, presented on pages 25 through 52, provide additional narrative and tabular information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents Required Supplementary Information concerning the City's budget process, other post-employment benefits and pension standards on pages 53 through 63.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of September 30, 2017, the assets and deferred outflows of the City of Greenville exceeded its liabilities and deferred inflows by \$189,164,623.

By far, the largest portion of the City's net position (\$217,913,080 or 115.20%) reflects its investment in capital assets (land, buildings, machinery and equipment, etc.) less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in 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 because the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF GREENVILLE, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2017

(Table 1)

Net Position

| | Governmental Activities | | Business-type Activities | | Total | | Increase (Decrease) | Percentage change |
|----------------------------------|-------------------------|--------------|--------------------------|--------------|--------------|---------------|------------------------|----------------------|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | | |
| Current and other assets | \$ 4,273,538 | \$ 6,475,325 | \$ 3,421,297 | \$ 4,648,413 | \$ 7,694,835 | \$ 11,123,738 | \$ (3,428,903) | -30.83% |
| Capital assets, net | 186,724,770 | 186,267,760 | 49,948,815 | 46,293,583 | 236,673,585 | 232,561,343 | 4,112,242 | 1.77% |
| Total Assets | 190,998,308 | 192,743,085 | 53,370,112 | 50,941,996 | 244,368,420 | 243,685,081 | 683,339 | 0.28% |
| Deferred outflows | 4,129,063 | 5,911,750 | 167,741 | 982,130 | 4,296,804 | 6,893,880 | (2,597,076) | -37.67% |
| Current and other liabilities | 1,515,315 | 2,280,388 | 1,413,212 | 1,526,788 | 2,928,527 | 3,807,176 | (878,649) | -23.08% |
| Net pension liability | 30,425,361 | 33,136,075 | 1,024,000 | 4,769,286 | 31,449,361 | 37,905,361 | (6,456,000) | -17.03% |
| Long-term debt | 9,272,999 | 8,322,726 | 10,325,107 | 9,653,470 | 19,598,106 | 17,976,196 | 1,621,910 | 9.02% |
| Total Liabilities | 41,213,675 | 43,739,189 | 12,762,319 | 15,949,544 | 53,975,994 | 59,688,733 | (5,712,739) | -9.57% |
| Deferred inflows | 5,303,622 | 521,715 | 220,985 | 92,068 | 5,524,607 | 613,783 | 4,910,824 | 800.09% |
| <u>Net Position:</u> | | | | | | | | |
| Net investment in capital assets | 178,266,004 | 178,739,200 | 39,647,076 | 36,872,931 | 217,913,080 | 215,612,131 | 2,300,949 | 1.07% |
| Restricted | 2,155,860 | 2,238,219 | 717,772 | 884,212 | 2,873,632 | 3,122,431 | (248,799) | -7.97% |
| Unrestricted | (31,811,790) | (26,583,488) | 189,701 | (1,874,629) | (31,622,089) | (28,458,117) | (3,163,972) | 11.12% |
| Total Net Position | 148,610,074 | 154,393,931 | 40,554,549 | 35,882,514 | 189,164,623 | 190,276,445 | \$ (1,111,822) | -0.58% |

The City's total assets increased \$683,339 during 2017 with governmental activities showing a decrease of \$(1,744,777) and business-type activities showing an increase of \$2,428,116.

The City's total liabilities decreased \$5,712,739. The decrease in liabilities were \$2,525,514 in governmental activities and \$3,187,225 in business-type activities. This increase is primarily due to the decrease in net pension liability of \$6,456,000.

The City's net position decreased \$1,111,822 over 2016.

Additional information on unrestricted net position:

In connection with the standards on accounting and financial reporting for pensions, management presents the following additional information:

| | |
|---|---------------------|
| Total unrestricted net position (deficit) | \$ (31,622,089) |
| Less: unrestricted deficit in net position resulting from recognition of GASB 68 & 71 | 32,677,164 |
| Unrestricted net position, exclusive of the net pension liability effect | <u>\$ 1,055,075</u> |

CITY OF GREENVILLE, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2017

(Table 2)
Changes in Net Position

| | Governmental Activities | | Business-type Activities | | Totals | | Increase | Percentage |
|--------------------------------|-------------------------|---------------------|--------------------------|---------------------|-----------------------|-------------------|-----------------------|-----------------|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | (Decrease) | Change |
| Program Revenues: | | | | | | | | |
| Charges for services | \$ 699,751 | \$ 839,023 | \$ 11,185,547 | \$ 9,797,237 | \$ 11,885,298 | \$ 10,636,260 | \$ 1,249,038 | 11.74% |
| Grants and contributions | 2,931,621 | 3,851,761 | 94,587 | 1,109,733 | 3,026,208 | 4,961,494 | (1,935,286) | -39.01% |
| General Revenues: | | | | | | | | |
| Property taxes | 11,545,180 | 11,726,891 | | | 11,545,180 | 11,726,891 | (181,711) | -1.55% |
| Sales and tourism taxes | 7,377,639 | 7,510,315 | | | 7,377,639 | 7,510,315 | (132,676) | -1.77% |
| Other taxes and other | 387,903 | 3,199,720 | 1,292,633 | (1,354,396) | 1,680,536 | 1,845,324 | (164,788) | -8.93% |
| Total Revenues | 22,942,094 | 27,127,710 | 12,572,767 | 9,552,574 | 35,514,861 | 36,680,284 | (1,165,423) | -3.18% |
| Program Expenses: | | | | | | | | |
| General government | \$ 2,546,776 | \$ 2,476,904 | | | 2,546,776 | 2,476,904 | 69,872 | 2.82% |
| Public safety | 12,049,411 | 11,333,783 | | | 12,049,411 | 11,333,783 | 715,628 | 6.31% |
| Public works | 1,357,474 | 1,082,636 | | | 1,357,474 | 1,082,636 | 274,838 | 25.39% |
| Highways and streets | 3,820,616 | 3,643,217 | | | 3,820,616 | 3,643,217 | 177,399 | 4.87% |
| Health and sanitation | 351,931 | 377,673 | | | 351,931 | 377,673 | (25,742) | -6.82% |
| Culture and recreation | 866,801 | 925,911 | | | 866,801 | 925,911 | (59,110) | -6.38% |
| Airport | 1,301,300 | 847,868 | | | 1,301,300 | 847,868 | 453,432 | 53.48% |
| Economic development | 463,861 | 484,386 | | | 463,861 | 484,386 | (20,525) | -4.24% |
| Interest on long-term debt | 216,808 | 252,801 | | | 216,808 | 252,801 | (35,993) | -14.24% |
| Pension expense | 2,958,055 | 4,293,881 | | | 2,958,055 | 4,293,881 | (1,335,826) | -31.11% |
| Water and sewer | | | 8,180,752 | 8,079,168 | 8,180,752 | 8,079,168 | 101,584 | 1.26% |
| Sanitation | | | 2,594,584 | 1,911,962 | 2,594,584 | 1,911,962 | 682,622 | 35.70% |
| Total Expenses | 25,933,033 | 25,719,060 | 10,775,336 | 9,991,130 | 36,708,369 | 35,710,190 | 998,179 | 2.80% |
| Changes in Net Position | \$ (2,990,939) | \$ 1,408,650 | \$ 1,797,431 | \$ (438,556) | \$ (1,193,508) | \$ 970,094 | \$ (2,163,602) | -223.03% |

excludes prior period adjustments

The City's governmental activities continue to be funded primarily by property taxes, which made up only 50% of the total revenues. The other major revenue sources were sales and tourism taxes 32% and grants and contributions 13%. The major expense activities were public safety, highways and streets, general government, and pension expense which comprise 46%, 15%, 10%, and 11% of total expenses, respectively. The City remains totally committed to providing the services its residents expect and need.

Business-type activities are accounted for similar to businesses and are primarily supported by user fees. The City makes every effort to keep these fees as low as possible.

FUND FINANCIAL ANALYSIS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As the year ended, the City's governmental funds reported a combined fund balance of \$3,236,928 which is \$1,437,447 below last year's revised total of \$4,674,375.

Governmental funds meeting the requirements for being reported as major funds include the General Fund and the Parks & Recreation Fund. The remaining governmental funds were combined and reported as non-major governmental funds. The General Fund had a net change in fund balance of \$(1,358,038). The previous year saw a net change in fund balance of \$769,008. The Parks & Recreation Fund had a net change of \$135,490.

CITY OF GREENVILLE, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2017

Major Fund Budgeting Highlights

The City's budget is prepared according to Mississippi law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. One of the most significant budgeted funds is the General Fund.

During the course of 2017, the City amended its General Fund budget. All recommendations for budget changes come from the Chief Administrative Officer and are presented to the whole Mayor and City Council for ordinance enactment on the change. 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 our police and fire departments, as well as most legislative and executive activities, the General Fund is monitored closely looking for possible revenue shortfalls or over spending by individual departments. Revisions in the General Fund increased budgeted expenditures by \$44,525.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2017, the City had \$236,673,585 invested in a broad range of capital assets, including police and fire equipment, buildings, park and recreation facilities, streets, and water and sewer lines. (See Table 3 following.) This amount represents a net increase (including additions, deletions, and adjustments) of approximately \$4,112,242 or 1.77% over the prior year.

(Table 3)

CAPITAL ASSETS AT YEAR-END

(Net of Accumulated Depreciation)

| | Government Activities | | Business-type Activities | | Totals | | Increase (Decrease) | Percentage Change |
|-------------------------------------|-----------------------|----------------|--------------------------|---------------|----------------|----------------|------------------------|----------------------|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | | |
| Land | \$ 85,405,314 | \$ 85,385,542 | \$ 2,512,541 | \$ 2,512,541 | \$ 87,917,855 | \$ 87,898,083 | \$ 19,772 | 0.022% |
| Construction in progress | 741,208 | 5,160,932 | 7,493,792 | 2,389,708 | 8,235,000 | 7,550,640 | 684,360 | 9.064% |
| Infrastructure | 87,782,217 | 83,685,559 | 23,826,005 | 25,277,110 | 111,608,222 | 108,962,669 | 2,645,553 | 2.428% |
| Buildings & improvements | 7,324,637 | 6,904,493 | 6,962,846 | 6,964,359 | 14,287,483 | 13,868,852 | 418,631 | 3.018% |
| Mobile and machinery equipment | 3,368,304 | 3,004,767 | 2,153,046 | 1,844,125 | 5,521,350 | 4,848,892 | 672,458 | 13.868% |
| Furniture & equipment | 1,074,229 | 1,043,454 | 531,924 | 529,048 | 1,606,153 | 1,572,502 | 33,651 | 2.140% |
| Leased property under capital lease | 1,028,861 | 1,083,013 | 6,468,661 | 6,776,692 | 7,497,522 | 7,859,705 | (362,183) | -4.608% |
| Totals | \$ 186,724,770 | \$ 186,267,760 | \$ 49,948,815 | \$ 46,293,583 | \$ 236,673,585 | \$ 232,561,343 | \$ 4,112,242 | 1.77% |

The City of Greenville continues to provide for the growth and stability of its citizenry through various construction and rehabilitation projects. The following highlights summarize the major projects for the fiscal year of 2016-2017:

- (1) The construction in progress of \$8,235,000 includes various airport and public works projects involving airport improvements and the City's sewer system construction and repairs.
- (2) Infrastructure investment remains a priority and challenge for City officials. Infrastructure project cost capitalized during the fiscal year include the following:

Water & Sewer projects are financed by grants from the Delta Regional Authority and the U.S. Department of Defense through the Corp of Engineers. The City has also acquired funding through the Mississippi Department of Environmental Quality, State Revolving Loan Fund.

Airport enhancements and rehabilitation to runways and related areas are financed by grants through the U.S. Department of Transportation Federal Aviation Administration and the State of Mississippi Department of Transportation-Multi-Modal grants. These agencies will finance ninety-five percent (95%) and seventy-five percent (75%), respectively, of the cost of rehabilitating the airport.

CITY OF GREENVILLE, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2017

Long-term Debt

At year-end, the City had \$19,598,106 in long-term debt outstanding compared to \$17,976,196 last year, an increase of \$1,621,910. Of the total debt outstanding \$8,153,420 is backed by the full faith and credit of the City with debt service funded by voter-approved property taxes. The other major components are notes payable in the amount of \$4,122,368, capital leases in the amount of \$6,484,717 and compensated absences in the amount of \$837,600.

The following table illustrates the total Long-term Debt of the City of Greenville as of September 30, 2017:

(Table 4)
LONG-TERM DEBT
Outstanding at Year-end

| | Governmental Activities | | Business-type Activities | | Totals | | Increase (Decrease) | Percentage Change |
|--------------------------|-------------------------|--------------|--------------------------|--------------|---------------|---------------|------------------------|----------------------|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | | |
| General obligation bonds | \$ 3,827,000 | \$ 4,224,000 | \$ - | \$ - | \$ 3,827,000 | \$ 4,224,000 | \$ (397,000) | -9.40% |
| Other loans | 3,753,900 | 2,358,009 | 4,694,889 | 3,375,127 | 8,448,789 | 5,733,136 | 2,715,653 | 47.37% |
| Capital leases | 877,867 | 946,551 | 5,606,850 | 6,045,525 | 6,484,717 | 6,992,076 | (507,359) | -7.26% |
| Compensated absences | 814,232 | 794,166 | 23,368 | 232,818 | 837,600 | 1,026,984 | (189,384) | -18.44% |
| Totals | \$ 9,272,999 | \$ 8,322,726 | \$ 10,325,107 | \$ 9,653,470 | \$ 19,598,106 | \$ 17,976,196 | \$ 1,621,910 | 9.02% |

More detailed information about the City's long-term liabilities is presented in Note (12) of the Notes to Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's elected and appointed officials considered many factors when compiling and approving the fiscal year 2018 budget, such as tax rates for governmental activities and fees that will be charged for the business-type activities. The total property tax millage rate of 63.41 mills is expected to provide adequate funding in the following year.

Contacting the City's Finance Department

This financial report is designed to provide our citizens, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need any additional information, contact the Chief Administrative Officer or City Clerk, at 340 Main Street or P.O. Box 897, Greenville, MS 38701.

CITY OF GREENVILLE, MISSISSIPPI

FINANCIAL STATEMENTS

CITY OF GREENVILLE, MISSISSIPPI
STATEMENT OF NET POSITION
September 30, 2017

| | Primary Government | | |
|--|--------------------------------|---------------------------------|----------------------|
| | Governmental Activities | Business-type Activities | Total |
| <u>ASSETS</u> | | | |
| Cash and cash equivalents | \$ 1,935,248 | \$ 396,775 | \$ 2,332,023 |
| Accounts receivable | | 1,728,282 | 1,728,282 |
| Intergovernmental receivable | 278,294 | 425,886 | 704,180 |
| Other receivables | 1,926,628 | 126,592 | 2,053,220 |
| Prepaid expenses | 113,269 | | 113,269 |
| Internal balances | (25,990) | 25,990 | - |
| Inventory | 6,089 | | 6,089 |
| Restricted assets: | | | |
| Cash and cash equivalents | 40,000 | 717,772 | 757,772 |
| Capital assets, net | | | |
| Land and construction in progress | 86,146,522 | 10,006,333 | 96,152,855 |
| Other capital assets, net | 100,578,248 | 39,942,482 | 140,520,730 |
| Total Assets | 190,998,308 | 53,370,112 | 244,368,420 |
| <u>DEFERRED OUTFLOWS OF RESOURCES</u> | | | |
| Deferred outflows related to pensions | 4,129,063 | 167,741 | 4,296,804 |
| Total Deferred Outflows of Resources | 4,129,063 | 167,741 | 4,296,804 |
| <u>LIABILITIES</u> | | | |
| Accounts payable and accrued expenses | 927,665 | 584,424 | 1,512,089 |
| Accrued interest payable | 60,985 | 36,625 | 97,610 |
| Liabilities payable from restricted assets: | | | |
| Customer deposits | 40,000 | 717,772 | 757,772 |
| Long-term liabilities: | | | |
| Other postemployment benefits payable | 486,665 | 74,391 | 561,056 |
| Net pension liability | 30,425,361 | 1,024,000 | 31,449,361 |
| Due within one year: | | | |
| Capital related debt | 1,556,904 | 1,066,977 | 2,623,881 |
| Due in more than one year: | | | |
| Capital related debt | 6,901,862 | 9,234,762 | 16,136,624 |
| Non-capital related debt | 814,233 | 23,368 | 837,601 |
| Total Liabilities | 41,213,675 | 12,762,319 | 53,975,994 |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | | |
| Deferred inflows related to pensions | 5,303,622 | 220,985 | 5,524,607 |
| Total deferred inflows of resources | 5,303,622 | 220,985 | 5,524,607 |
| <u>NET POSITION</u> | | | |
| Net investment in capital assets | 178,205,019 | 39,610,451 | 217,815,470 |
| Restricted: | | | |
| Expendable: | | | |
| Public safety | 41,458 | | 41,458 |
| Public works | | 717,772 | 717,772 |
| Highways & streets | 489,486 | | 489,486 |
| Culture & recreation | 244,790 | | 244,790 |
| Airport operation and maintenance | 867,756 | | 867,756 |
| Debt service | 393,012 | | 393,012 |
| Non-Expendable: | | | |
| Inventories | 6,089 | | 6,089 |
| Prepaid expense | 113,269 | | 113,269 |
| Unrestricted | (31,750,805) | 226,326 | (31,524,479) |
| Total Net Position | \$ 148,610,074 | \$ 40,554,549 | \$189,164,623 |

The notes to the financial statements are an integral part of this statement.

CITY OF GREENVILLE, MISSISSIPPI
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2017

| | Program Revenues | | | | Net (Expense) Revenue and Change in Net Position | | |
|--|----------------------|----------------------|------------------------------------|----------------------------------|--|--------------------------|-----------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | | |
| | | | | | Governmental Activities | Business-type Activities | Total |
| <u>FUNCTIONS/PROGRAMS</u> | | | | | | | |
| Governmental activities: | | | | | | | |
| General government | \$ 2,546,776 | 457,554 | | 322,493 | (1,766,729) | | \$ (1,766,729) |
| Public safety | 12,049,411 | 11,464 | 37,226 | 282,608 | (11,718,113) | | (11,718,113) |
| Public works | 1,357,474 | 23,056 | 32,600 | 5,962 | (1,295,856) | | (1,295,856) |
| Highways and streets | 3,820,616 | | | 18,971 | (3,801,645) | | (3,801,645) |
| Health and sanitation | 351,931 | | | | (351,931) | | (351,931) |
| Culture and recreation | 866,801 | 200,558 | | | (666,243) | | (666,243) |
| Airport | 1,301,300 | 7,119 | | 1,577,630 | 283,449 | | 283,449 |
| Economic development | 463,861 | | | | (463,861) | | (463,861) |
| Interest on long-term debt | 216,808 | | | | (216,808) | | (216,808) |
| Pension expense | 2,958,055 | | | | (2,958,055) | | (2,958,055) |
| Total governmental activities | 25,933,033 | 699,751 | 69,826 | 2,207,664 | (22,955,792) | | (22,955,792) |
| Business-type activities: | | | | | | | |
| Water and sewer | 8,180,752 | 9,054,496 | | 94,587 | | \$ 968,331 | 968,331 |
| Sanitation | 2,594,584 | 2,131,051 | | | | (463,533) | (463,533) |
| Total business-type activities | 10,775,336 | 11,185,547 | - | 94,587 | | 504,798 | 504,798 |
| Total primary government | \$ 36,708,369 | 11,885,298 | 69,826 | 2,302,251 | (22,955,792) | 504,798 | (22,450,994) |
| General revenues: | | | | | | | |
| Property taxes | | | | | 11,545,180 | | 11,545,180 |
| Sales and tourism tax | | | | | 7,377,639 | | 7,377,639 |
| Franchise taxes | | | | | 1,082,862 | | 1,082,862 |
| Rental income | | | | | 717,686 | | 717,686 |
| Unrestricted interest income | | | | | 26,334 | | 26,334 |
| Grants and contributions not restricted to specific programs | | | | | 654,131 | | 654,131 |
| Other taxes and other income | | | | | 342,187 | 284,606 | 626,793 |
| Gain (Loss) on sale of capital assets | | | | | (379,039) | | (379,039) |
| Internal service fund net (loss) | | | | | (86,313) | | (86,313) |
| Transfers | | | | | (1,315,814) | 1,008,027 | (307,787) |
| Total general revenues and transfers | | | | | 19,964,853 | 1,292,633 | 21,257,486 |
| Change in net position | | | | | (2,990,939) | 1,797,431 | (1,193,508) |
| Net Position - beginning, as originally reported | | | | | 154,393,931 | 35,882,514 | 190,276,445 |
| Prior Period Adjustments | | | | | (2,792,918) | 2,874,604 | 81,686 |
| Net Position - beginning, as restated | | | | | 151,601,013 | 38,757,118 | 190,358,131 |
| Net Position, ending | | | | | \$ 148,610,074 | \$ 40,554,549 | \$ 189,164,623 |

The notes to the financial statements are an integral part of this statement.

CITY OF GREENVILLE, MISSISSIPPI
BALANCE SHEET- GOVERNMENTAL FUNDS
September 30, 2017

| | Major Funds | | Non-Major | Total |
|---|---------------------|------------------------|---------------------|---------------------|
| | General | Parks & | Governmental | Governmental |
| | Fund | Recreation Fund | Funds | Funds |
| <u>ASSETS</u> | | | | |
| Cash and cash equivalents | \$ 296 | \$ 130,924 | \$ 1,747,943 | \$ 1,879,163 |
| Receivables: | | | | |
| Property taxes | 142,088 | 5,973 | 23,237 | 171,298 |
| Fines receivable (net of allowance for uncollectibles of \$1,968,370) | 1,331,326 | | | 1,331,326 |
| Franchise Fee | 297,127 | | | 297,127 |
| Intergovernmental | 42,714 | | 235,466 | 278,180 |
| Other receivables | 58,058 | | 51,505 | 109,563 |
| Prepaid expenses | 113,269 | | | 113,269 |
| Inventory | | 6,089 | | 6,089 |
| Restricted assets - cash | | | 40,000 | 40,000 |
| Total Assets | 1,984,878 | 142,986 | 2,098,151 | 4,226,015 |
| <u>LIABILITIES</u> | | | | |
| Accounts payable and accrued expense | 727,781 | 27,891 | 167,425 | 923,097 |
| Due to other funds | 25,990 | | | 25,990 |
| Customer deposits | | | 40,000 | 40,000 |
| Total Liabilities | 753,771 | 27,891 | 207,425 | 989,087 |
| <u>FUND BALANCES</u> | | | | |
| Non-spendable: | | | | |
| Inventories | | 6,089 | | 6,089 |
| Prepaid items | 113,269 | | | 113,269 |
| Restricted for: | | | | |
| Public safety | | | 41,458 | 41,458 |
| Highways & streets | | | 489,486 | 489,486 |
| Culture & recreation | | 109,006 | 135,784 | 244,790 |
| Airport operation and maintenance | | | 867,756 | 867,756 |
| Debt service | | | 393,012 | 393,012 |
| Unassigned | 1,117,838 | | (36,770) | 1,081,068 |
| Total Fund Balances | 1,231,107 | 115,095 | 1,890,726 | 3,236,928 |
| Total Liabilities and Fund Balances | \$ 1,984,878 | \$ 142,986 | \$ 2,098,151 | \$ 4,226,015 |

The notes to the financial statements are an integral part of this statement.

CITY OF GREENVILLE, MISSISSIPPI
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
September 30, 2017

| | <u>Amount</u> |
|---|------------------------------|
| Total fund balance - governmental funds | \$ 3,236,928 |
| Amounts reported for governmental activities in the Statement of Net Position are different because: | |
| Capital assets used in governmental activities are not financial resources, and therefore are not reported in the funds, net of accumulated depreciation \$201,480,852 | 185,648,763 |
| Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental fund financial statements. | |
| capital debt | (8,458,766) |
| compensated absences | (775,927) |
| other postemployment benefits payable | (470,213) |
| Net pension obligations are not due and payable in the current period and, therefore, are not reported in the governmental fund financial statements. | (29,913,360) |
| Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental fund financial statements: | |
| Deferred outflows of resources related to pensions | 4,045,191 |
| Deferred inflows of resources related to pensions | (5,193,129) |
| Interest accrued on long-term liabilities not reported in the governmental fund financial statements. | (60,985) |
| An internal service fund is used by management to account for and charge the cost of motor pool and other fleet vehicles to individual funds. The assets and liabilities of the internal service fund are reported within governmental activities in the Statement of Net Position. | <u>551,572</u> |
| Total Net Position - Governmental Activities | <u><u>\$ 148,610,074</u></u> |

The notes to the financial statements are an integral part of this statement.

CITY OF GREENVILLE, MISSISSIPPI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2017

| | Major Funds | | Non-Major | Total |
|--|---------------------|------------------------|---------------------|---------------------|
| | General | Parks & | Governmental | Governmental |
| | Fund | Recreation Fund | Funds | Funds |
| <u>REVENUES:</u> | | | | |
| Taxes | \$ 9,488,765 | \$ 381,087 | \$ 1,084,587 | \$ 10,954,439 |
| Licenses and permits | 152,844 | | | 152,844 |
| Intergovernmental: | | | | |
| Federal grants | 16,526 | | 1,189,768 | 1,206,294 |
| State of Mississippi: | | | | |
| Grants | 18,971 | | 838,917 | 857,888 |
| General sales tax | 6,303,489 | | | 6,303,489 |
| Gaming tax | 1,074,150 | | | 1,074,150 |
| Liquor licenses | 31,970 | | | 31,970 |
| Gasoline tax | 25,568 | | | 25,568 |
| Municipal aid | 17,155 | | | 17,155 |
| Privilege tax | 69,716 | | | 69,716 |
| Homestead reimbursement | 393,276 | 16,735 | 66,020 | 476,031 |
| Fire protection | | | 192,608 | 192,608 |
| Other state revenue | 20,700 | | | 20,700 |
| Charges for services | 34,520 | 200,558 | 7,119 | 242,197 |
| Franchise tax | 1,082,862 | | | 1,082,862 |
| Fines and forfeitures | 304,710 | | | 304,710 |
| Interest income | 25,508 | 30 | 796 | 26,334 |
| Rental income | 436,241 | 18,730 | 262,715 | 717,686 |
| Other income | 328,583 | 791 | 12,813 | 342,187 |
| Contributions | 27,114 | 3,169 | 3,408 | 33,691 |
| Total revenues: | <u>19,852,668</u> | <u>621,100</u> | <u>3,658,751</u> | <u>24,132,519</u> |
| <u>EXPENDITURES:</u> | | | | |
| Current: | | | | |
| General government | 2,187,428 | | 357,932 | 2,545,360 |
| Public safety | 13,134,944 | | 145,211 | 13,280,155 |
| Public works | 1,440,125 | | 67,775 | 1,507,900 |
| Highways and streets | 3,559,964 | | 59,623 | 3,619,587 |
| Health and sanitation | 344,386 | | | 344,386 |
| Culture and recreation | | 904,610 | 20,526 | 925,136 |
| Economic development | 487,014 | | | 487,014 |
| Airport | | | 2,307,289 | 2,307,289 |
| Debt service: | | | | |
| Principal paid | 68,684 | | 1,470,109 | 1,538,793 |
| Interest paid | 35,274 | | 189,349 | 224,623 |
| Total expenditures: | <u>21,257,819</u> | <u>904,610</u> | <u>4,617,814</u> | <u>26,780,243</u> |
| Excess of Revenues over (under) Expenditures | <u>(1,405,151)</u> | <u>(283,510)</u> | <u>(959,063)</u> | <u>(2,647,724)</u> |
| <u>OTHER FINANCING SOURCES (USES):</u> | | | | |
| Long-term capital debt issued | | | 2,469,000 | 2,469,000 |
| Sale of capital assets | 38,185 | | 18,906 | 57,091 |
| Transfers in | 1,694,742 | 419,000 | 658,000 | 2,771,742 |
| Transfers out | (1,685,814) | | (2,401,742) | (4,087,556) |
| Net other financing sources (uses) | <u>47,113</u> | <u>419,000</u> | <u>744,164</u> | <u>1,210,277</u> |
| Net change in fund balances | <u>(1,358,038)</u> | <u>135,490</u> | <u>(214,899)</u> | <u>(1,437,447)</u> |
| Fund balances , beginning as previously reported | 2,589,145 | (20,395) | 2,067,270 | 4,636,020 |
| Prior period adjustment(s) | | | 38,355 | 38,355 |
| Fund balances - beginning, as restated | <u>2,589,145</u> | <u>(20,395)</u> | <u>2,105,625</u> | <u>4,674,375</u> |
| Fund balance, ending | <u>\$ 1,231,107</u> | <u>\$ 115,095</u> | <u>\$ 1,890,726</u> | <u>\$ 3,236,928</u> |

The notes to the financial statements are an integral part of this statement.

CITY OF GREENVILLE, MISSISSIPPI
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2017

| | <u>Amount</u> |
|--|------------------------------|
| Net changes in fund balances - governmental funds | \$ (1,437,447) |
| Amounts reported for governmental activities in the Statement of Activities are different because: | |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays of \$3,223,022 exceeded depreciation of \$2,235,492. | 987,530 |
| The proceeds of long-term debt provides financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the government funds, but the repayment reduces long-term liabilities in the statement of net position. Thus, the change in net position differs from the change in fund balances by the amount that debt proceeds of \$2,469,000 exceeds debt repayments of \$1,538,793. | (930,207) |
| In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the amount of the net loss of \$379,039 and the proceeds from the sale of assets \$57,091 in the current period. | (436,130) |
| Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available resources. However, in the statement of activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net position differs from the balance by a combination of the following items: | |
| Compensated absences | (28,967) |
| Change in accrued interest on long-term debt | 7,815 |
| Other postemployment benefits payable | (79,494) |
| Some items reported in the Statement of Activities relating to the implementation of GASB 68 are not reported in the governmental funds. These activities include: | |
| Recording of pension expense for the current period | (1,065,244) |
| Recording of contributions made prior and subsequent to the measurement date | 1,970,329 |
| Recording of amortization of deferred inflows and outflows in pension expense for the current period | (1,892,811) |
| An Internal Service Fund is used by management to charge the cost of vehicle pool services to individual funds. The net revenue (expense) is reported within governmental activities. | (86,313) |
| Change in net position of governmental activities | <u><u>\$ (2,990,939)</u></u> |

The notes to the financial statements are an integral part of this statement.

CITY OF GREENVILLE, MISSISSIPPI
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
September 30, 2017

| | Business-Type Activities | | | Governmental Activity |
|--|---|--|---------------------------------------|----------------------------------|
| | Enterprise Fund Water & Sewer Fund | Non-Major Sanitation Fund | Enterprise Funds Total | Internal Service Fund |
| <u>ASSETS</u> | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | \$ 396,775 | | \$ 396,775 | \$ 56,085 |
| Accounts receivable (net of allowance for uncollectibles of \$1,729,446 & 460,473 | 1,440,510 | \$ 287,772 | 1,728,282 | |
| Intergovernmental receivables | 422,585 | 3,301 | 425,886 | 114 |
| Due from other funds | 25,990 | | 25,990 | |
| Other receivables | 117,564 | 9,028 | 126,592 | 17,314 |
| Total Current Assets | 2,403,424 | 300,101 | 2,703,525 | 73,513 |
| Non-current assets: | | | | |
| Restricted assets - cash | 717,772 | | 717,772 | |
| Capital assets: | | | | |
| Land and construction in progress | 7,493,792 | 2,512,541 | 10,006,333 | |
| Other capital assets, net | 39,144,062 | 798,420 | 39,942,482 | 1,076,007 |
| Total Non-Current Assets | 47,355,626 | 3,310,961 | 50,666,587 | 1,076,007 |
| Total Assets | 49,759,050 | 3,611,062 | 53,370,112 | 1,149,520 |
| <u>DEFERRED OUTFLOWS OF RESOURCES</u> | | | | |
| Deferred outflows related to pensions | 125,805 | 41,936 | 167,741 | 83,872 |
| Total Deferred Outflows of Resources | 125,805 | 41,936 | 167,741 | 83,872 |
| <u>LIABILITIES</u> | | | | |
| Current liabilities: | | | | |
| Accounts payable and accrued expenses | 471,588 | 112,836 | 584,424 | 4,568 |
| Accrued interest payable | 36,625 | | 36,625 | |
| Current portion of long-term debt | 1,066,977 | | 1,066,977 | |
| Total Current Liabilities | 1,575,190 | 112,836 | 1,688,026 | 4,568 |
| Non-current liabilities: | | | | |
| Other postemployment benefits payable | 58,008 | 16,383 | 74,391 | 16,453 |
| Liabilities payable from restricted assets | 717,772 | | 717,772 | |
| Net pension liability | 768,000 | 256,000 | 1,024,000 | 512,000 |
| Capital debt: | | | | |
| Notes payable | 4,083,633 | | 4,083,633 | |
| Capital leases payable | 5,151,129 | | 5,151,129 | |
| Non-capital debt: | | | | |
| Compensated absences | 15,045 | 8,323 | 23,368 | 38,306 |
| Total Non-Current Liabilities | 10,793,587 | 280,706 | 11,074,293 | 566,759 |
| Total Liabilities | 12,368,777 | 393,542 | 12,762,319 | 571,327 |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | | | |
| Deferred inflows related to pensions | 165,739 | 55,246 | 220,985 | 110,493 |
| Total Deferred Inflows of Resources | 165,739 | 55,246 | 220,985 | 110,493 |
| <u>NET POSITION</u> | | | | |
| Net investment in capital assets | 36,299,490 | 3,310,961 | 39,610,451 | 1,076,007 |
| Restricted for: | | | | |
| Public Works | 717,772 | | 717,772 | |
| Unrestricted | 333,077 | (106,751) | 226,326 | (524,435) |
| Total Net Position | \$ 37,350,339 | \$ 3,204,210 | \$ 40,554,549 | \$ 551,572 |

The notes to the financial statements are an integral part of this statement.

CITY OF GREENVILLE, MISSISSIPPI
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended September 30, 2017

| | Business-Type Activities | | | Governmental Activity |
|---|---|--|---------------------------------------|----------------------------------|
| | Enterprise Fund Water & Sewer Fund | Non-Major Sanitation Fund | Enterprise Funds Total | Internal Service Fund |
| <u>OPERATING REVENUES:</u> | | | | |
| Charges for services: | | | | |
| Water sales | \$ 5,191,781 | | \$ 5,191,781 | |
| Sewer sales | 3,862,715 | | 3,862,715 | |
| Sanitation fees | | \$ 2,131,051 | 2,131,051 | |
| Maintenance fees | | | | \$ 1,970,000 |
| Total Operating Revenues | 9,054,496 | 2,131,051 | 11,185,547 | 1,970,000 |
| <u>OPERATING EXPENSES:</u> | | | | |
| Personal services | 152,376 | 20,705 | 173,081 | 177,373 |
| Contractual services | 4,626,487 | 2,398,561 | 7,025,048 | 1,621,057 |
| Consumable supplies | 110,377 | 40,613 | 150,990 | 101,217 |
| Capital Outlay | 583,510 | | 583,510 | |
| Depreciation expense | 2,386,465 | 109,338 | 2,495,803 | 97,582 |
| Pension expense | 76,103 | 25,367 | 101,470 | 50,736 |
| Total Operating Expenses | 7,935,318 | 2,594,584 | 10,529,902 | 2,047,965 |
| Operating Income (Loss) | 1,119,178 | (463,533) | 655,645 | (77,965) |
| <u>NON-OPERATING REVENUES (EXPENSES)</u> | | | | |
| Intergovernmental grants | 94,587 | | 94,587 | |
| Other income | 216,921 | 67,685 | 284,606 | |
| Gain (loss) on sale of capital assets | | | | (8,348) |
| Interest expenses | (245,434) | | (245,434) | |
| Total Non-operating Revenues (Expenses) | 66,074 | 67,685 | 133,759 | (8,348) |
| Net Income (Loss) Before Operating Transfers | 1,185,252 | (395,848) | 789,404 | (86,313) |
| <u>OPERATING TRANSFERS:</u> | | | | |
| Operating Transfers in | 1,378,027 | 306,560 | 1,684,587 | |
| Operating Transfers out | (676,560) | | (676,560) | |
| Net Operating Transfers | 701,467 | 306,560 | 1,008,027 | - |
| Change in Net Position | 1,886,719 | (89,288) | 1,797,431 | (86,313) |
| Net Position - Beginning, as previously reported | 33,106,246 | 2,776,268 | 35,882,514 | 379,270 |
| Prior period adjustments | 2,357,374 | 517,230 | 2,874,604 | 258,615 |
| Net Position - Beginning, as restated | 35,463,620 | 3,293,498 | 38,757,118 | 637,885 |
| Net Position - Ending | \$ 37,350,339 | \$ 3,204,210 | \$ 40,554,549 | \$ 551,572 |

The notes to the financial statements are an integral part of this statement.

CITY OF GREENVILLE, MISSISSIPPI
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the Year Ended September 30, 2017

| | Business-Type Activities | | Governmental |
|---|---------------------------------|------------------------|------------------------------|
| | Enterprise Fund | Non-Major | Activity |
| | Water & Sewer Fund | Sanitation Fund | Internal Service Fund |
| <u>CASH FLOWS FROM OPERATING ACTIVITIES:</u> | | | |
| Cash received from customers and users | \$ 8,834,806 | \$ 2,042,926 | |
| Receipts from internal services | | | \$ 1,970,000 |
| Payments to employees for services | (355,560) | (82,536) | (214,228) |
| Payments to suppliers for goods and services | (5,386,142) | (2,439,174) | (1,774,760) |
| Net Cash Provided (Used) by Operating Activities | 3,093,104 | (478,784) | (18,988) |
| <u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u> | | | |
| Operating transfers, net | 701,467 | 306,560 | |
| Other receipts | 216,921 | 67,685 | |
| Net Cash Provided (Used) by Noncapital Financing Activities | 918,388 | 374,245 | - |
| <u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u> | | | |
| Acquisition of property and equipment | (5,938,341) | (182,854) | |
| Capital grants received | 94,587 | | |
| Principal payments on long-term debt | (1,220,101) | | |
| Proceeds of long-term debt | 2,101,188 | | |
| Interest paid on bonds, loans and capital leases | (245,434) | | |
| Net Cash Provided (Used) by Capital and Related Financing Activities | (5,208,101) | (182,854) | - |
| Net Increase (Decrease) in Cash and Cash Equivalents | (1,196,609) | (287,393) | (18,988) |
| Cash and Cash Equivalents, October 1 | 2,311,156 | 287,393 | 75,073 |
| Cash and Cash Equivalents, September 30 | \$ 1,114,547 | \$ - | \$ 56,085 |
| <u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u> | | | |
| Operating income (loss) | \$ 1,119,178 | \$ (463,533) | \$ (77,965) |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | |
| Depreciation | 2,386,465 | 109,338 | 97,582 |
| Pension expense adjustment | 32,088 | 10,695 | 23,340 |
| (Increase) decrease in accounts receivable | (308,938) | (124,170) | |
| (Increase) decrease in intergovernmental receivable | 260,426 | 19,147 | 682 |
| (Increase) decrease in interfund receivables | | | |
| (Increase) decrease in other receivables | (97,624) | (5,727) | (17,314) |
| (Increase) decrease in inventories | | | 67,892 |
| Increase (decrease) in accounts payable and accrued expenses | 30,426 | 22,624 | (105,693) |
| Increase (decrease) in interfund payables | | | |
| Increase (decrease) in accrued interest payable | (3,308) | | |
| Increase (decrease) in other postemployment benefits payable | 2,484 | 638 | 1,388 |
| Increase (decrease) in customer deposits | (166,440) | | |
| Increase (decrease) in compensated absences | (161,653) | (47,797) | (8,900) |
| Total adjustments | 1,973,926 | (15,252) | 58,977 |
| Net Cash Provided (Used) by Operating Activities | \$ 3,093,104 | \$ (478,785) | \$ (18,988) |

The notes to the financial statements are an integral part of this statement.

CITY OF GREENVILLE, MISSISSIPPI
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
September 30, 2017

| | <u>Agency Funds</u> |
|---------------------------|-------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 968,154 |
| Property tax receivable | 162,452 |
| Total Assets | <u><u>1,130,606</u></u> |

| | |
|----------------------------|----------------------------|
| LIABILITIES | |
| Intergovernmental payables | 1,071,612 |
| Claims and other payables | 58,994 |
| Total Liabilities | <u><u>\$ 1,130,606</u></u> |

CITY OF GREENVILLE, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The City of Greenville (City), located in Washington County, Mississippi, is incorporated under the laws of the State of Mississippi. The City operates under an elected Mayor-Council form of government with a part-time Mayor elected from the City at-large and six part-time Council members (City Council) elected from wards. The City provides the following services to the citizenry: general administration, police and fire protection, public works, culture and recreation, health and welfare, economic and community development, airport services, water, sanitary sewer, and garbage disposal. The primary sources of revenues are property taxes, sales taxes, gaming, and utility billings.

For financial reporting purposes, the reporting entity includes all funds that are covered by the oversight responsibility of the City's governing council. As required by generally accepted accounting principles (GAAP), various criteria are applied in order to determine any component units that should be reported as part of the City. Such criteria include management oversight responsibility by the elected officials such as decision-making authority, accountability to the City, legal and financial responsibility, and inter-agency relationships. Based upon the application of these criteria, there are no component units required by GAAP to be reported as part of the reporting entity of the City. The following represents an entity to which the City has a combined interest in conjunction with another government:

William Alexander Percy Memorial Library-The City has a joint interest with Washington County, which is the primary oversight agency of the library. The City currently levies a 1.70 mill tax to support the library. This tax levy is remitted to the library monthly as it is collected.

B. Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, fund financial statements and accompanying note disclosures which provide a detailed level of financial information.

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information concerning the City as a whole. The statements include all non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental revenues and other non-exchange revenues and are reported separately from business-type activities. Business-type activities rely mainly on fees and charges for support.

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

CITY OF GREENVILLE, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

with certain limited exceptions. Internal service fund balances have been eliminated against the expenses and program revenue. The comparison of direct expenses with program revenues identifies the extent to which each business-type activity or governmental function is self-financing or draws from the general revenues of the City.

Fund Financial Statements:

Fund financial statements of the City are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditures/expenses. Funds are organized into governmental, proprietary and fiduciary. Major individual Governmental funds and major Enterprise funds are reported as separate columns in the fund financial statements. Non-major funds are aggregated and presented in a single column.

C. Measurement Focus and Basis of Accounting

The Government-wide, Proprietary Funds and Fiduciary Funds (excluding agency funds) financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used, regardless of when the related cash flows take place. Property tax revenues are recognized in the year for which they are levied. Shared revenues are recognized when the provider government recognizes the liability to the City. Grants are recognized as revenues as soon as all eligibility requirements have been satisfied. Agency funds have no measurement focus but use the accrual basis of accounting.

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

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

The City reports the following major governmental funds:

General Fund - The general fund is the primary operating fund of the City. It is used to account for and report all financial resources not accounted for and reported in another fund.

Parks & Recreation Fund - The Parks & Recreation fund is used to account for all monies from specific revenue sources that are restricted for the operation and maintenance of the City's parks and recreational facilities.

CITY OF GREENVILLE, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

The City reports the following major proprietary fund:

Water & Sewer Fund - This fund accounts for revenues and expenses related to potable water and sanitary sewer services provided to residents of the City.

Additionally, the City reports the following fund types:

GOVERNMENTAL FUND TYPES

Special Revenue Funds - These funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Debt Service Funds - These funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Capital Projects Funds - These funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities or other capital assets.

PROPRIETARY FUND TYPES

Enterprise Funds - These funds are used to account for those operations that are financed and operated in a manner similar to private business enterprises or where the city has decided that periodic determination of revenues earned, expenses incurred, and/or net income is necessary for management accountability.

Internal Service Fund - The fund is used to account for those operations that provide services to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis. The City's internal service fund provides fleet and equipment maintenance to the other departments of the City.

FIDUCIARY FUND TYPES

Agency Funds - These funds account for various taxes, deposits and other monies collected or held by the City, acting in the capacity of an agent, for distribution to other governmental units or designated beneficiaries.

D. Account Classifications.

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

E. Deposits and Investments

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

CITY OF GREENVILLE, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

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

F. Receivables

Receivables are reported net of allowance for uncollectible accounts, where applicable.

G. Inter-fund Transactions and Balances

Transactions between funds that are representative of short-term lending/borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as "due to/from other funds". Non-current portions of inter-fund receivables and payables are reported as "advances to/from other funds". Advances between funds, as reported in the fund financial statements, are offset by a non-spendable fund balance account in the General Fund, if applicable, to indicate that they are not available for appropriation and are not expendable available financial resources. However, this is not applicable to advances reported in other governmental funds, which are reported, by definition, as restricted, committed, or assigned. Inter-fund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. Any outstanding balances between the governmental activities and business-type activities are reported in the government wide financial statements as "internal balances".

H. Inventories and Prepaid Items

Inventories in the governmental and enterprise funds consist of expendable supplies held for consumption. These inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of these governmental fund type inventories are recorded as expenditures when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

I. Restricted Assets

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

J. Capital Assets

Capital asset acquisition and construction are reflected as expenditures in Governmental Fund statements and the related assets are reported as capital assets in the applicable governmental or business-type activities column in the government-wide financial statements. All purchased capital assets are stated at historical cost where records are available and at an estimated historical cost where no records exist. Capital assets include significant amounts of infrastructure which have been valued at estimated historical cost. The estimated historical cost was based on replacement cost multiplied by the consumer price index implicit price deflator for the year of acquisition. The extent to which capital assets, other than infrastructure, cost have been

CITY OF GREENVILLE, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

estimated and the methods of cost estimation, are not readily available. Donated capital assets are recorded at estimated fair market value at the time of donation. The cost of normal maintenance and repairs that do not add to the value of assets or materially extend their respective lives are not capitalized; however, improvements are capitalized. Interest expenditures are not capitalized on capital assets.

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

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

The following schedule details those thresholds and estimated useful lives:

| Asset Classification | | Capitalization Thresholds | | Estimated Useful Life |
|-------------------------------------|----|------------------------------|--|--------------------------|
| Land | \$ | -0- | | N/A |
| Infrastructure | | -0- | | 20-50 years |
| Building | | 50,000 | | 40 years |
| Improvements other than buildings | | 25,000 | | 20 years |
| Mobile equipment and machinery | | 5,000 | | 5-10 years |
| Furniture and equipment | | 5,000 | | 3-7 years |
| Leased property under capital lease | | * | | * |

* The leased property capitalization policy and estimated useful life will correspond with the amounts for the asset classification, as listed above.

K. Deferred Outflows/Inflows of Resources

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

Deferred outflows related to pensions – This amount represents the City's proportionate share of the deferred outflows of resources reported by the pension plan in which the City participates. See Note 11 for additional details.

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

Deferred inflows related to pensions – This amount represents the City's proportionate share of the deferred inflows of resources reported by the pension plan in which the City participates. See Note 11 for additional details.

CITY OF GREENVILLE, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

L. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System of Mississippi (PERS) and the Mississippi Municipal Retirement System (MMRS) and additions to/deductions from PERS' and MMRS' fiduciary net position have been determined on the same basis as they are reported by PERS and MMRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

M. Long-Term Liabilities

Long-term liabilities are the un-matured principal of bonds, loans, notes or other forms of non-current or long-term general obligation indebtedness. Long-term liabilities are not limited to liabilities from debt issuances but may also include liabilities on lease-purchase agreements and other commitments.

In government-wide financial statements and in the Proprietary Fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities or Proprietary Funds Statement of Net Position.

N. Equity Classifications

Government-wide Financial Statements:

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

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

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

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

Net Position Flow Assumption:

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

CITY OF GREENVILLE, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

Fund Financial Statements:

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

Government fund balance is classified as non-spendable, restricted, committed, assigned or unassigned. The following are descriptions of fund classifications used by the City:

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

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

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

Fund Balance Flow Assumption:

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

O. Risk Management

The City carries commercial insurance with respect to risks including, but not limited to, property damage and personal injury. Insurance coverage remains relatively constant, and settlement amounts have not exceeded insurance coverage for the current year.

P. Estimates and Assumptions

A number of estimates and assumptions relating to the reporting of revenues, expense, expenditures, assets and liabilities, and the disclosure of contingent liabilities were used to prepare these financial statements in conformity with GAAP. Actual results could differ from those estimates.

CITY OF GREENVILLE, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

Q. Property Tax Revenues

Numerous statutes exist under which the City may levy property taxes. The selection of authorities is made based on the objectives and responsibilities of the City. Restrictions associated with property tax levies vary with the statutory authority. The amount of increase in certain property taxes is limited by state law. Generally, this restriction provides that these tax levies shall produce no more than 110% of the amount which resulted from the assessments of the previous year.

The City, each year at a meeting in September, levies property taxes for the ensuing fiscal year which begins on October 1. Real property taxes become a lien on January 1 of the current year, and personal property taxes become a lien on March 1 of the current year. Taxes on both real and personal property, however, are due on or before February 1 of the next succeeding year. Taxes on motor vehicles and mobile homes become a lien and are due in the month that coincides with the month of original purchase. All unpaid taxes levied October 1st become delinquent February 1st of the following year. Delinquent taxes are considered fully collectible and therefore no allowance for uncollectible taxes is provided. The City entered an inter-local agreement with the Washington County Tax Collector for the billing and collection of its real and personal property taxes, motor vehicle, and mobile home. Taxes are billed, collected, and remitted to the City by the Washington County Tax Collector each month. The millage rate for the City for the 2016 taxes was 59.41 mills as: 47.00 mills for the general fund, 6.09 mills for the debt service fund, 1.70 mills for library maintenance, 2.00 mills for park maintenance, and 2.62 mills for fire and police disability fund.

Accounting principles generally accepted in the United States of America require property taxes to be recognized at the levy date if measurable and available. All property taxes are recognized as revenue in the year for which they are levied. Motor vehicle and mobile home taxes do not meet the measurability and collectability criteria for property tax recognition because the lien and due date cannot be established until the date of original purchase occurs.

R. Intergovernmental Revenues in Governmental Funds.

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

S. Compensated Absences

The City has adopted a policy of compensation for accumulated unpaid employee personal leave. Accounting principles generally accepted in the United States of America require accrual of accumulated unpaid employee benefits as long-term liabilities in the government-wide financial statements and Proprietary Funds financial statements. In fund financial statements, Governmental Funds report the compensated absence liability payable only if the payable has matured, for example an employee resigns or retires.

The City's employees accumulate personal leave in following manner: Each shall earn one (1) working day per month for annual leave during the first 15 years of employment. After 15 years of continuous employment, each employee shall earn one and one-half (1&1/2) days per month for annual leave. An employee must have worked a minimum of six (6) months before being eligible to use vacation time. Vacation time will be computed by using the employee's anniversary date times the number of months worked. Accumulated vacation leave may be carried over from year to year. However, upon an employee's

CITY OF GREENVILLE, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

termination of employment with the City of Greenville, no employee shall receive compensation in excess of thirty (30) days.

Any accumulated vacation time in excess of thirty (30) days may be applied as creditable service time through the Public Retirement System. All firefighters working on the 24/48-hour shift are allowed five (5) shift absences per year of employment to be used as approved vacation. After 15 years of continuous employment, each firefighter will be allowed seven (7) shift absences per year of employment to be used as approved vacation.

T. Changes in Accounting Standards.

The City implemented the following standards issued by the Governmental Accounting Standards Board (GASB) in the current fiscal year as required: GASB Statement No. 77, *Tax Abatement Disclosures* and GASB Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68 and No. 73*. The provisions of these standards have been incorporated into the financial statements and notes.

NOTE 2: PRIOR PERIOD ADJUSTMENTS

A summary of significant fund equity adjustments is as follows:

| Statement of Activities: Governmental Activities | |
|--|-----------------------|
| Explanation | Amount |
| Adjustment to correct prior year error in recording capital assets | \$ 3,192 |
| Adjustment to record changes in pension related accounts due to the outsourcing of Public Works and Highways & Streets Departments | (3,093,080) |
| Internal Service Fund operations | 258,615 |
| Adjustment for prior year revenue applicable to the FAA 2016 airport project | 38,355 |
| | <u>\$ (2,792,918)</u> |
| Statement of Revenues, Expenditures, and Changes in Fund Balances: Governmental | |
| Explanation | Amount |
| Adjustment for prior year revenue applicable to the FAA 2016 airport project | <u>\$ 38,355</u> |
| Statement of Revenues, Expenses, and Changes in Net Position: Proprietary Funds | |
| Explanation | Amount |
| Adjustment to correct prior year error in recording capital assets | \$ 29,839 |
| Adjustment to record changes in pension related accounts due to the outsourcing of Water & Sewer Fund operations | 2,327,535 |
| Sanitation Fund operations | 517,230 |
| | <u>2,874,604</u> |
| Internal Service Fund operations | 258,615 |
| | <u>\$ 3,133,219</u> |

CITY OF GREENVILLE, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 3: BUDGET POLICY

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

- A. Prior to August 1st, the City Clerk and Chief Administrative Officer submits to the Mayor and Council a proposed operating budget for the fiscal year commencing the following October 1st. The operating budget includes proposed expenditures and the means of financing them.
- B. Public notice is given of the City's budget meetings being open to the public, so that public hearings are conducted at City Hall to obtain taxpayer comments.
- C. Prior to September 15th, the budget is legally enacted through adoption by the Mayor and City Council.
- D. The budget is formally revised during the year and properly amended by the Mayor and City Council.
- E. Budgetary comparisons are employed by management as a management control device during the year for all funds.
- F. Appropriations lapse at the end of each fiscal year.

Mississippi laws require that municipalities budget revenue and expenditures on a modified-cash basis. Claims that have been incurred prior to the end of the year and that are paid within 30 days are recorded under the accrual basis. Prior year claims that are paid after 30 days revert to the cash basis. All revenue is accounted for under the cash basis. The required budgetary basis is therefore not considered a generally accepted accounting principal. Governmental accounting requires that the "budget to actual" statements be prepared according to budgetary laws and the statement of revenues, expenditures, and fund balance be prepared according to the modified-accrual basis (GAAP). The major reconciling items between the budgetary and GAAP presentations are presented on the "budget to actual" statements.

NOTE 4: DEPOSITS

Deposits

The carrying amount of the City's total deposits with financial institutions at September 30, 2017 was \$4,057,949 and the bank balance was \$4,269,602. The collateral for public entities' deposits in financial institutions are 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, Miss Code Annotated (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 deposits not covered by the Federal Depository Insurance Corporation (FDIC).

Custodial Credit Risk- Deposits. Custodial credit risk is the risk that in the event of the failure of a financial institution, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City does not have a formal policy for custodial credit risk. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC). Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the City.

CITY OF GREENVILLE, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 5: INTER-FUND TRANSACTIONS AND BALANCES

Due From/To Other Funds:

| Receivable Fund | Payable Fund | Amount |
|--------------------|--------------|-----------------|
| Water & Sewer Fund | General Fund | 25,990 |
| TOTAL | | \$25,990 |

Transfers In/Out:

| Transfer In | Transfer Out | Amount |
|-------------------------------|------------------------------|--------------------|
| General Fund | Water & Sewer Fund | \$ 500,000 |
| General Fund | Non-Major Governmental Funds | 1,194,742 |
| Major Fund Parks & Recreation | General Fund | 384,000 |
| Major Fund Parks & Recreation | Non-Major Governmental Funds | 35,000 |
| Non-Major Governmental Funds | General Fund | 658,000 |
| Water & Sewer Fund | General Fund | 336,027 |
| Water & Sewer Fund | Non-Major Governmental Funds | 1,042,000 |
| Sanitation Fund | Water & Sewer Fund | 176,560 |
| Sanitation Fund | Non-Major Governmental Funds | 130,000 |
| Agency Fund | General Fund | 307,787 |
| TOTAL | | \$4,764,116 |

The purpose of the transfers were to: appropriate gaming revenues in the amount of \$1,342,000 for operations, maintenance, and capital expenditures to Major Fund Parks & Recreation (\$384,000), Non-Major Governmental Funds (\$658,000), and the Water & Sewer Fund (\$300,000); distribute proceeds from debt in the amount of \$2,401,742 for operational, maintenance, and capital expenditures to General Fund (\$1,194,742), Major Fund Parks and Recreation (\$35,000), Water & Sewer Fund (\$1,042,000), and Sanitation Fund (\$130,000); transfers from Water & Sewer Fund to General Fund (\$500,000) for operational expenditures; transfers from General Fund to Water & Sewer Fund (\$36,027) for SRF note payment; transfers from Water & Sewer Fund to Sanitation Fund (\$176,560) for operational expenditures; and General Fund to Agency Fund (\$307,787) for the transfer of the employee insurance cash account.

NOTE 6: RECEIVABLES AND UN-COLLECTIBLES

Governmental Activities

Inter-Governmental Receivables

In the government-wide financial statements, the receivables and related revenues include all amounts due to the City regardless of when cash is received. In the governmental fund financial statements, the revenues are offset, and revenue recognition deferred by the amounts not received within 60 days of fiscal year-end. Intergovernmental and Other receivables at September 30, 2017 include the following:

CITY OF GREENVILLE, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
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| Description | Amount |
|-------------------------------------|------------------|
| Inter-governmental receivable: | |
| Federal | |
| Brownfield grant | 5,962 |
| Airport Security | 4,532 |
| FAA projects | 131,686 |
| Railroad Depot | 10,473 |
| FEMA-Flood 2016 | 20,038 |
| State | |
| FAA projects and Multi-Modal grants | 87,345 |
| MEMA | 18,144 |
| TOTAL | \$278,180 |

Other Receivables

| Description | Amount |
|--|--------------------|
| Receivables: | |
| Property tax | \$ 171,298 |
| Franchise fees | 297,127 |
| Fines, net of allowance for doubtful accounts of \$1,968,370 | 1,331,326 |
| Other receivable Gaming rent | 35,000 |
| Other receivable Clearwater | 23,058 |
| Other receivable related to Schelben Park | 31,582 |
| Other receivable related to MS River Walking Trail | 17,800 |
| Other receivable related to bond refunding | 2,123 |
| TOTAL | \$1,909,314 |

Business-type Activities

Significant receivables include amounts due from customers for utility services that are based on monthly cycle billings. The Water & Sewer and Sanitation accounts receivables of \$1,440,510 and \$287,772 respectively are reported net of estimated un-collectibles of \$1,729,446 and \$460,473.

Intergovernmental receivables of \$425,886 consisted of amounts due FEMA and MEMA (\$330,148) and the Corp of Engineers Grant (\$95,738) related to reimbursement for expenses incurred during the fiscal year.

Other receivables of \$126,592 represent amounts due for sales tax (\$5,394), bank debits and returned checks of (\$59,066), Clearwater (\$47,916) and Port of Greenville (\$14,216).

NOTE 7: RESTRICTED ASSETS

The balance of restricted net asset accounts in the governmental activities and business-type activities funds are as follows:

| Description | Governmental Activities | Business-Type Activities |
|-----------------------|-------------------------|--------------------------|
| Airport lease deposit | \$ 40,000 | |
| Customer deposits | | \$ 717,772 |
| Total | \$ 40,000 | \$ 717,772 |

CITY OF GREENVILLE, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE 8: CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2017, was as follows:

| GOVERNMENTAL ACTIVITIES | Balance Oct. 1, 2016 | Additions | Deletions | Adjustments | Balance Sept. 30, 2017 |
|--|---------------------------------|------------------|------------------|--------------------|-----------------------------------|
| Non-depreciable capital assets: | | | | | |
| Land | \$ 85,385,542 | 19,772 | | | \$ 85,405,314 |
| Construction in progress | 5,160,932 | 1,231,272 | | (5,650,996) | 741,208 |
| Total non-depreciable capital assets | 90,546,474 | 1,251,044 | - | (5,650,996) | 86,146,522 |
| Depreciable capital assets: | | | | | |
| Infrastructure | 256,422,818 | 44,576 | 1,307,115 | 5,653,819 | 260,814,098 |
| Buildings & Improvements | 29,780,333 | 702,738 | | | 30,483,071 |
| Mobile & machinery equipment | 9,073,408 | 899,065 | 344,494 | | 9,627,979 |
| Furniture & equipment | 2,594,876 | 325,597 | | 520 | 2,920,993 |
| Leased property under capital lease | 1,353,772 | | | | 1,353,772 |
| Total depreciable capital assets | 299,225,207 | 1,971,976 | 1,651,609 | 5,654,339 | 305,199,913 |
| Less accumulated depreciation for: | | | | | |
| Infrastructure | 172,737,258 | 1,230,384 | 935,761 | | 173,031,881 |
| Buildings & Improvements | 22,875,840 | 282,594 | | | 23,158,434 |
| Mobile & machinery equipment | 6,068,641 | 470,752 | 279,718 | | 6,259,675 |
| Furniture & equipment | 1,551,422 | 295,192 | | 150 | 1,846,764 |
| Leased property under capital lease | 270,759 | 54,152 | | | 324,911 |
| Total accumulated depreciation | 203,503,920 | 2,333,074 | 1,215,479 | 150 | 204,621,665 |
| Depreciable capital assets, net | 95,721,287 | (361,098) | 436,130 | 5,654,189 | 100,578,248 |
| Governmental activities capital assets, net | <u>\$186,267,761</u> | <u>889,946</u> | <u>436,130</u> | <u>3,193</u> | <u>\$186,724,770</u> |
| BUSINESS-TYPE ACTIVITIES | Balance Oct. 1, 2016 | Additions | Deletions | Adjustments | Balance Sept. 30, 2017 |
| Non-depreciable capital assets: | | | | | |
| Land | \$ 2,512,541 | | | | \$ 2,512,541 |
| Construction in progress | 2,389,708 | 5,104,084 | | | 7,493,792 |
| Total non-depreciable capital assets | 4,902,249 | 5,104,084 | - | - | 10,006,333 |
| Depreciable capital assets: | | | | | |
| Infrastructure | 348,678,957 | 445,453 | | 31,950 | 349,156,360 |
| Buildings & improvements | 34,782,882 | | | | 34,782,882 |
| Mobile & machinery equipment | 11,027,865 | 481,617 | | | 11,509,482 |
| Furniture & equipment | 789,716 | 90,042 | | | 879,758 |
| Leased property under capital lease | 7,700,785 | | | | 7,700,785 |
| Total depreciable capital assets | 402,980,205 | 1,017,112 | - | 31,950 | 404,029,267 |
| Less accumulated depreciation for: | | | | | |
| Infrastructure | 323,401,847 | 1,926,397 | | 2,111 | 325,330,355 |
| Buildings & Improvements | 27,818,523 | 1,513 | | | 27,820,036 |
| Mobile & machinery equipment | 9,183,740 | 172,696 | | | 9,356,436 |
| Furniture & equipment | 260,668 | 87,166 | | | 347,834 |
| Leased property under capital lease | 924,093 | 308,031 | | | 1,232,124 |
| Total accumulated depreciation | 361,588,871 | 2,495,803 | - | 2,111 | 364,086,785 |
| Depreciable capital assets, net | 41,391,334 | (1,478,691) | - | 29,839 | 39,942,482 |
| Business-Type activities capital assets, net | <u>\$ 46,293,583</u> | <u>3,625,393</u> | <u>-</u> | <u>29,839</u> | <u>\$ 49,948,815</u> |

CITY OF GREENVILLE, MISSISSIPPI
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Depreciation expense was charged to the governmental functions, as follows:

| GOVERNMENTAL ACTIVITIES | Amount |
|--|---------------------|
| General government | \$ 103,170 |
| Public safety | 422,316 |
| Public works | 78,992 |
| Highway & streets | 1,046,249 |
| Health & welfare | 7,545 |
| Culture & recreation | 50,461 |
| Airport | 526,759 |
| Internal service fund | 97,582 |
| Total governmental activities depreciation | <u>\$ 2,333,074</u> |

Depreciation expense was charged to the business-type functions, as follows:

| BUSINESS-TYPE ACTIVITIES | Amount |
|---|---------------------|
| Sewer & Water | \$ 2,386,465 |
| Sanitation | 109,338 |
| Total business-type activities depreciation | <u>\$ 2,495,803</u> |

Commitments with respect to major unfinished capital projects at September 30, 2017, consisted of the following:

| Description | Remaining Financial Commitment | Expected Date of Completion |
|----------------|--------------------------------|-----------------------------|
| Sewer Projects | Unknown | Unknown |

NOTE 9: CAPITAL LEASES

As Lessee:

The City is obligated for the following capital assets acquired by capital leases as of September 30, 2017:

| Classes of Property | Governmental Activities | Business-Type Activities |
|--------------------------------------|-------------------------|--------------------------|
| Building improvements | \$ 1,353,772 | |
| Water meters and related equipment | | \$ 7,700,785 |
| Less: Accumulated depreciation | 324,911 | 1,232,124 |
| Leased property under capital leases | <u>\$ 1,028,861</u> | <u>\$ 6,468,661</u> |

The following is a schedule by years of the total payments due as of September 30, 2017:

| Year Ending September 30, | Governmental Activities | | Business-Type Activities | |
|---------------------------|-------------------------|-------------------|--------------------------|---------------------|
| | Principal | Interest | Principal | Interest |
| 2018 | \$ 71,352 | \$ 32,606 | \$ 455,721 | \$ 208,249 |
| 2019 | 74,125 | 29,833 | 473,427 | 190,543 |
| 2020 | 77,005 | 26,953 | 491,821 | 172,148 |
| 2021 | 79,997 | 23,961 | 510,930 | 153,039 |
| 2022 | 83,105 | 20,853 | 530,782 | 133,188 |
| 2023-2027 | 466,540 | 53,249 | 2,979,751 | 340,097 |
| 2028 | 25,743 | 246 | 164,418 | 1,574 |
| Total | <u>\$ 877,867</u> | <u>\$ 187,701</u> | <u>\$ 5,606,850</u> | <u>\$ 1,198,838</u> |

CITY OF GREENVILLE, MISSISSIPPI
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NOTE 10: OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description

The council administers the City's health insurance plan which is authorized by Sections 25-15-101 et seq., Mississippi Code Ann. (1972). The City's health insurance plan may be amended by the City Council. The City purchases health insurance coverage from a commercial insurance company and offers health insurance benefit coverage through the City's health insurance plan (the Plan). Since retirees may obtain health insurance by participating in a group with active employees and consequently receive a health insurance premium rate differential, the City has a postemployment healthcare benefit reportable under GASB Statement 45 as a single employer defined benefit health care plan. Effective October 1, 2012, the City implemented GASB Statement 45 prospectively, which requires reporting on an accrual basis the liability associated with other postemployment benefits. The City does not issue a publicly available financial report of the Plan.

Funding Policy

Employees' premiums are funded by the City with additional funding provided by retired employees and by active employees for spouse and dependent medical coverage. The Plan is financed on a pay-as-you-go basis. The City Council, acting in conjunction with the commercial insurance company, has the sole authority for setting health insurance premiums for the city's health insurance plan.

Actuarial Valuation

The City's Health Insurance Plan's Report of the Actuary on the Other Postemployment Benefits Valuation was prepared as of October 1, 2016. The plan presently has an actuarial valuation performed bi-annually to be in compliance with GASB Statement 45.

Annual OPEB Cost and Net OPEB Obligation

The City's annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC is determined assuming the plan would fund the OPEB liability on a pay-as-you-go basis. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The current ARC of \$96,676 is 1.36 percent of annual covered payroll.

The following table presents the OPEB cost for the year, the amount contributed and changes in the OPEB plan for fiscal year 2017:

| | | 2017 |
|--|----|-------------|
| Annual required contribution | \$ | 96,676 |
| Interest on net OPEB obligation | | 15,487 |
| Adjustment to annual required contribution | | (6,548) |
| Annual OPEB cost | | 105,615 |
| Employer payments for retiree benefits | | (21,610) |
| Increase in the net OPEB obligation | | 84,004 |
| Net OPEB obligation – beginning of year | | 477,052 |
| Net OPEB obligation – end of year | \$ | 561,056 |

CITY OF GREENVILLE, MISSISSIPPI
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The following table provides the city's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the fiscal years 2015-2017:

| Fiscal Year | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB obligation |
|-------------|------------------|--|---------------------|
| 2015 | \$178,865 | 25.85% | \$132,889 |
| 2016 | \$ 98,569 | 20.20% | \$ 78,652 |
| 2017 | \$105,615 | 20.50% | \$ 84,004 |

Funding Status and Funding Progress

The following table provides funding information for the most recent actuarial valuation date:

| Actuarial Valuation Date | October 1, 2016 |
|--|-----------------|
| Actuarial Value of Plan Assets (a) | \$-0- |
| Actuarial Accrued Liability (AAL) Entry Age (b) | \$755,733 |
| Unfunded AAL (UAAL) (b-a) | \$755,733 |
| Funded Ratio (a/b) | -0-% |
| Annual Covered Payroll (c) | \$7,097,145 |
| UAAL as a Percentage of Annual Covered Payroll ((b-a)/c) | 10.60% |

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as RSI following the notes to the financial statements, is designed to present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Additional information as of the latest actuarial valuation follows:

| | |
|-------------------------------|--|
| Actuarial valuation date | October 1, 2016 |
| Actuarial cost method | Entry Age Normal Actuarial Cost |
| Amortization method | 30 Year Level Percentage of Pay |
| Remaining amortization period | Twenty-seven Years |
| Asset valuation method | Not Applicable |
| Actuarial assumptions: | |
| Investment rate of return | Not Applicable |
| Projected salary increases | 2 % per annum |
| Healthcare cost trend rate | 8.5% graded uniformly to 5% over 7 years |
| Ultimate trend rate | 5% |
| Year of ultimate trend rate | 2024 |

CITY OF GREENVILLE, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE 11: DEFINED BENEFIT PENSION PLAN

Cost-Sharing Multiple-Employer Defined Benefit Pension Plan – Public Employees Retirement System

General Information about the Pension Plan

Plan Description. The City of Greenville contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. Section 25-11-1 et seq., (1972, as amended) 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 1-800-444-PERS.

Benefits Provided. Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public-school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each addition year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. Benefits vest upon eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

Contributions. At September 30, 2017, PERS members were required to contribute 9% of their annual covered salary, and the City is required to contribute at an actuarially determined rate. The employer's rate at September 30, 2017 was 15.75% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The City's contributions (employer share only) to PERS for the years ending September 30, 2017, 2016 and 2015 were \$1,467,162, \$1,861,107, and \$1,779,564, respectively, equal to the required contributions for each year.

CITY OF GREENVILLE, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
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Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2017 the City reported a liability of \$25,600,027 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The City's proportionate share used to calculate the September 30, 2017 net pension liability was 0.154 percent, which was based on a measurement date of June 30, 2017. This was a decrease of 0.024 percent from its proportionate share used to calculate the September 30, 2016 net pension liability, which was based on a measurement date of June 30, 2016.

For the year ended September 30, 2017, the City recognized pension expense of \$2,536,770. At September 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ 426,997 | 186,796 |
| Net difference between projected and actual earnings on pension plan investments | 2,702,904 | 1,977,997 |
| Changes of assumptions | 664,164 | 50,421 |
| Changes in the proportion and differences between actual contributions and proportionate share of contributions | | 3,309,393 |
| Contributions subsequent to the measurement date | 399,469 | |
| | <u>\$ 4,193,534</u> | <u>5,524,607</u> |

The \$399,469 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ending September 30: | Amount |
|------------------------------|-----------------------|
| 2018 | \$ (88,351) |
| 2019 | (783,861) |
| 2020 | (363,828) |
| 2021 | (494,502) |
| Total | <u>\$ (1,730,542)</u> |

Actuarial Assumptions. The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

| | |
|---------------------------|---|
| Inflation | 3.00 percent |
| Salary increases | 3.75 - 18.50 percent, including inflation |
| Investment rate of return | 7.75 percent, net of pension plan investment expense, including inflation |

CITY OF GREENVILLE, MISSISSIPPI
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September 30, 2017

Mortality rates were based on the RP-2014 Healthy Annuitant Blue Collar Table Projected with Scaled BB to 2022, with male rates set forward one year.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2016. The experience report is dated April 18, 2017.

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

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2017, are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|-------------------------|----------------------|---|
| U.S. Broad | 27.00% | 4.60 |
| International Equity | 18.00% | 4.50 |
| Emerging Markets Equity | 4.00% | 4.75 |
| Global | 12.00% | 4.75 |
| Fixed Income | 18.00% | 0.75 |
| Real Assets | 10.00% | 3.50 |
| Private Equity | 8.00% | 5.10 |
| Emerging Debt | 2.00% | 2.50 |
| Cash | 1.00% | |
| | <u>100.00%</u> | |

Discount Rate. The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current employer contribution rate (15.75%). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

| | 1% Decrease (6.75%) | Discount Rate (7.75%) | 1% Increase (8.75%) |
|---|------------------------|--------------------------|------------------------|
| Proportionate share of the net pension liability | \$ 33,576,144 | 25,600,027 | 18,978,116 |

CITY OF GREENVILLE, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

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

Agent Multiple-Employer Defined Benefit Pension Plan - Mississippi Municipal Retirement Systems

General information about the Plan

Plan Description. The City also participates in the Mississippi Municipal Retirement Systems ("MMRS") City of Greenville Fire and Police Plan which has been closed to new participants since July 1, 1976. MMRS is an agent multiple-employer defined benefit plan administered by PERS. MMRS was designed to provide retirement benefits for firefighters and police officers. The City is one of seventeen cities providing retirement benefits to firefighters and police officers. Plan provisions are established by Miss. Code Ann. §21-29-1 et seq. (1972, as amended) and annual local and private legislation. Statutes may be amended only by the Mississippi Legislature. PERS issues a publicly available report entitled the Report on the Annual Valuation of the Mississippi Municipal Retirement Systems. That report may be obtained by writing to Public Employees' Retirement System of Mississippi, PERS Building, 429 Mississippi Street, Jackson, MS, 39201 or by calling (601)359-3589 or 1-800-444-PERS.

Benefits Provided. Membership in the MMRS is comprised of employees who were hired prior to July 1, 1976 and includes only those eligible employees of the City who did not opt to become a member of PERS. MMRS provides retirement, disability, and death benefits to plan members and their beneficiaries.

A retirement allowance is payable to any member who retires and has completed at least 20 years of creditable service, regardless of age. Any firefighter or police officer who has attained age 65 shall be retired forthwith. The annual retirement allowance payable to a retired member is equal to (1) 50.0 percent of average compensation, plus (2) 1.7 percent of average compensation for each year of credited service over 20. The aggregate amount of (1) and (2) shall not exceed 66.6 percent of average compensation, regardless of service.

A disability retirement allowance is payable to any member who is not eligible for a service retirement benefit, but who becomes totally and permanently disabled regardless of creditable service, if the disability is due to causes in the performance of duty. If the disability is not due to causes in the performance of duty, the member must have completed at least five years of creditable service to be eligible for disability retirement. The annual disability retirement allowance payable is equal to 50.0 percent of the member's salary at the time of retirement, if the disability is due to causes in the performance of duty. If the disability is not due to causes in the performance of duty, the allowance is equal to 2.5 percent times credited service, not in excess of 20 years, times the member's salary at the time of retirement for firefighters and police officers.

A death benefit is payable upon the death of a member under the following conditions: (a) the member has retired; (b) the member is eligible to retire; (c) the death is in the line of duty; or (d) the death is not in the line of duty but occurs after the member has five years of credited service. The death benefit is payable to the surviving spouse and to children under age 18, to dependent children through age 23 when full-time students, and to dependent children of any age if handicapped. The annual benefit payable, under all conditions in the case of firefighters and police officers is equal to 2.5 percent of average compensation for each year of credited service up to 20 and 1.7 percent of average compensation for each year over 20, with a maximum benefit of 66.67 percent of average compensation.

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Upon a member's termination of employment for any reason before retirement, the member's accumulated contributions are refunded. Upon the death of a member who is not eligible for any other death benefit, the member's accumulated contributions are paid to the member's beneficiary.

The allowances of certain retired members are adjusted annually by a Cost-of-Living Adjustment ("COLA") on the basis of the annual percentage change in each fiscal year of the Consumer Price Index. All retirees and beneficiaries who were receiving a retirement allowance as of June 30, 1999, were granted a 3.9 percent ad-hoc benefit increase.

At June 30, 2017 (measurement date), the following employees were covered by the plan:

| | |
|--|----|
| Inactive Members or Their Beneficiaries Currently Receiving Benefits | 76 |
|--|----|

Contributions. Funding policies for MMRS are established by Mississippi statutes. Employer contributions are paid through an annual millage rate on the assessed property values of the City. For the year ended September 30, 2017, the City levied 2.62 mills to help fund MMRS. These millage rates are determined through review of the plan benefit structure during the MMRS annual actuarial valuation and certification by the actuary as to the funding level required of the City. The City's contributions to the Greenville Fire and Police Plan for the fiscal year ended September 30, 2017, was \$589,633.

Net Pension Liability. The City's net pension liability is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the plans was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liabilities in the June 30, 2017, actuarial valuations were determined using the following actuarial information and assumptions:

| <u>Description</u> | <u>Assumptions</u> |
|-------------------------------|--|
| Valuation date | June 30, 2015 |
| Actuarial cost method | Ultimate Asset Reserve |
| Amortization method | N/A |
| Remaining amortization period | N/A |
| Asset Valuation method | Five-year smoothed market |
| Inflation | 3.00% |
| Salary increases | 4.00 – 5.50%, including inflation |
| Investment rate of return | 7.75%, net of pension plan investment expense, including inflation |

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2015 valuation were adopted by the PERS Board of Trustees when the Experience Investigation for the Four-Year Period Ending June 30, 2014, was adopted on April 21, 2015. Further details can be found on the PERS website.

Discount Rate. The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at the current employer contribution rate (2.62 mills). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

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Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability. Changes in the City's net pension liability for the year ended September 30, 2017 were as follows:

| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (Asset) (a) - (b) |
|---|--|--|--|
| Balances at June 30, 2016 | \$ 9,335,834 | 3,225,718 | 6,110,116 |
| Changes for the year: | | | |
| Service Cost | | | - |
| Interest | 685,107 | | 685,107 |
| Changes of benefit terms | | | - |
| Difference between expected and actual experience | 25,167 | | 25,167 |
| Changes of assumptions | 29,545 | | |
| Contributions - employer | | 589,633 | (589,633) |
| Contributions - employee | | | - |
| Net Investment income | | 419,956 | (419,956) |
| Benefit payments, including refunds of employee contributions | (991,494) | (991,494) | - |
| Administrative expense | | (11,793) | 11,793 |
| Other changes | | 2,805 | (2,805) |
| Net Changes | (251,675) | 9,107 | (260,782) |
| Balances at June 30, 2017 | \$ 9,084,159 | 3,234,825 | 5,849,334 |

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the plan net pension liability calculated using the discount rate of 7.75 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent) or one percentage point higher (8.75 percent) than the current rate:

| | 1% Decrease (6.75%) | Discount Rate (7.75%) | 1% Increase (8.75%) |
|--|------------------------|--------------------------|------------------------|
| Proportionate share of the net pension liability | \$ 6,535,720 | 5,849,334 | 5,247,984 |

Pension Plan Fiduciary Net Position. Detailed information about the pension plans fiduciary net position is available in the separately issued PERS and MMRS financial reports.

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

For the year ended September 30, 2017, the plan recognized pension expense of \$573,491.

At September 30, 2017, the plan reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Net difference between projected and actual earnings on pension plan investments | \$ 71,342 | |
| Contributions subsequent to the measurement date | 31,927 | |
| | <u>\$ 103,269</u> | <u>-</u> |

The above deferred outflows of resources and deferred inflows of resources represent the unamortized portion of changes to net pension liability to be recognized in future periods in a systematic and rational manner.

The amount reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2017.

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

| Year ending September 30: | Amount |
|------------------------------|------------------|
| 2018 | \$ 48,289 |
| 2019 | 48,287 |
| 2020 | 11,966 |
| 2021 | (37,200) |
| Total | <u>\$ 71,342</u> |

Summary of Pension Plan Balances

The City's pension related balances presented on the Statement of Net Position as of September 30, 2017, by individual plan are as follows:

| | <u>PERS</u> | <u>MMRS</u> | <u>Total</u> |
|------------------------------|--------------|-------------|--------------|
| Deferred outflows - Pensions | \$ 4,193,535 | 103,269 | 4,296,804 |
| Net pension liability | 25,600,027 | 5,849,334 | 31,449,361 |
| Deferred inflows - Pensions | 5,524,607 | - | 5,524,607 |
| Pension expense | \$ 2,536,770 | 573,491 | 3,110,261 |

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NOTE 12: LONG-TERM DEBT

The City's long-term debt is made up of general obligation bonds, notes payable, capital leases and compensated absences. General obligation bonds and notes are direct obligations. They are backed by the full faith and credit of the City. The City also incurs debt in the form of various other notes payable and capital leases which are to be repaid through daily operations.

The City is subject to a general statutory debt limitation under which no City in the State may incur general obligation indebtedness in an amount that exceeds 15 percent of the assessed value of the taxable property within the City according to the last completed assessment for taxation.

In computing general obligation indebtedness for purposes of such 15 percent limitation, there may be deducted all bonds or other evidences of indebtedness issued for school, water and sewerage systems, gas and light and power purposes, and for construction of special improvements primarily chargeable to the property that benefited, or for the purpose of paying a City's proportion of any betterment program, a portion of which is primarily chargeable to the property benefited. However, in no case may a City contract any indebtedness payable in whole or in part from proceeds of ad valorem taxes which, when added to all of its outstanding general obligation indebtedness, both bonded and floating, exceeds 20 percent of the assessed value of the taxable property within such City.

In arriving at the limitations set forth, bonds issued for school purposes, bonds payable exclusively from the revenues of any municipally-owned utility, general obligation industrial bonds issued under provisions of Section 57-1-1 to 57-1-51, Mississippi Code of 1972, Annotated, Revised 1989 and special assessment improvement bonds issued under the provisions of Sections 21-41-1 to 21-41-53, Mississippi Code of 1972, Annotated, Revised 1990, are not included. Also excluded from both limitations are contract obligations subject to annual appropriations.

The margin for additional debt under the above debt limits as of September 30, 2017 is approximately:

| | |
|------------------|------------------|
| <u>15% Limit</u> | <u>20% Limit</u> |
| \$22,625,48 | \$32,885,114 |

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Debt outstanding as of September 30, 2017, consisted of the following:

| Description and Purpose | Amount Outstanding | Interest Rate | Final Maturity Date |
|--|-----------------------|------------------|---------------------------|
| Governmental Activities: | | | |
| A. General Obligation Bonds: | | | |
| Series 2008-Street Bond | 95,000 | 3.750 to 5.125 | 10-2018 |
| Series 2010-Street Bond | 930,000 | 3.000 to 4.150 | 05-2022 |
| Series 2015-Refunding Bond | 2,802,000 | 1.538 to 2.634 | 04-2028 |
| Total General Obligation Bonds | 3,827,000 | | |
| B. Other Loans | | | |
| GO Note-Equipment & Expenses | 206,511 | 1.51 | 09-2018 |
| GO Note-Pierce Fire Truck | 288,084 | 1.77 | 02-2021 |
| GO Note-Equipment & Expenses | 1,042,761 | 1.73 | 03-2021 |
| GO Note-Equipment, vehicles & building | 695,108 | 2.01 | 12-2021 |
| GO Note-Equipment & vehicles | 877,727 | 1.93 | 02-2022 |
| GO Note-Sewer lifts & water tank | 643,708 | 2.09 | 04-2022 |
| Total Other Loans | 3,753,899 | | |
| C. Capital Leases: | | | |
| Energy Project-Siemens | 877,867 | 3.83 | 10-2027 |
| Total Capital Leases | 877,867 | | |
| Business-Type Activities: | | | |
| A. Other Loans | | | |
| GO Note-SRF Refunding | 572,521 | 1.51 | 06-2018 |
| State Revolving-C280767-07 | 324,654 | 1.75 | 03-2030 |
| State Revolving-C280767-08 | 348,742 | 1.75 | 01-2037 |
| | 1,245,917 | | |
| State Revolving-C280767-09 | 3,448,972 | drawn to date | |
| Total Other Loans | 4,694,889 | | |
| B. Capital Leases: | | | |
| Energy Project-Siemens | 5,606,850 | 3.83 | 10-2027 |
| Total Capital Leases | \$ 5,606,850 | | |

CITY OF GREENVILLE, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

The annual debt service requirements of long-term debt of September 30, 2017 are as follows:

| Governmental Activities: | | | | |
|---------------------------------|--------------------------|-------------------|---------------------|-------------------|
| Year Ending September 30, | General Obligation Bonds | | Other Loans | |
| | Principal | Interest | Principal | Interest |
| 2018 | 412,000 | 110,073 | 1,073,552 | 61,731 |
| 2019 | 431,000 | 95,503 | 883,529 | 43,547 |
| 2020 | 440,000 | 82,923 | 900,335 | 26,741 |
| 2021 | 455,000 | 69,727 | 682,506 | 10,633 |
| 2022 | 475,000 | 55,728 | 213,977 | 1,155 |
| 2023-2027 | 1,457,000 | 134,286 | | |
| 2028 | 157,000 | 4,136 | | |
| Totals | <u>\$ 3,827,000</u> | <u>\$ 552,376</u> | <u>\$ 3,753,899</u> | <u>\$ 143,807</u> |

| Business-Type Activities: | | | |
|----------------------------------|---------------------|-------------------|--|
| Year Ending September 30, | Other Loans | | |
| | Principal | Interest | |
| 2018 | 611,256 | 15,083 | |
| 2019 | 39,419 | 10,791 | |
| 2020 | 40,114 | 10,096 | |
| 2021 | 40,822 | 9,388 | |
| 2022 | 41,542 | 8,668 | |
| 2023-2027 | 218,964 | 32,086 | |
| 2028-2032 | 165,083 | 20,912 | |
| 2033-2037 | 88,717 | 3,471 | |
| Totals | <u>\$ 1,245,917</u> | <u>\$ 110,496</u> | |

The following is a summary of changes in long-term debt for the year ended September 30, 2017:

| | Balance Oct. 1, 2016 | Additions | Reductions | Balance Sept. 30, 2017 | Amount due within one year |
|----------------------------------|-------------------------|------------------|------------------|---------------------------|-------------------------------|
| Governmental Activities: | | | | | |
| Compensated absences | \$ 794,166 | 20,066 | | 814,232 | |
| General obligation bonds | 4,224,000 | | 397,000 | 3,827,000 | \$ 412,000 |
| Other Loans | 2,358,009 | 2,469,000 | 1,073,109 | 3,753,900 | 1,073,552 |
| Capital leases | 946,551 | | 68,684 | 877,867 | 71,352 |
| Total | <u>8,322,726</u> | <u>2,489,066</u> | <u>1,538,793</u> | <u>9,272,999</u> | <u>1,556,904</u> |
| Business-Type Activities: | | | | | |
| Compensated absences | 232,818 | | 209,450 | 23,368 | |
| Other Loans | 3,375,127 | 2,101,187 | 781,425 | 4,694,889 | 611,256 |
| Capital leases | 6,045,525 | | 438,675 | 5,606,850 | 455,721 |
| Total | <u>\$ 9,653,470</u> | <u>2,101,187</u> | <u>1,429,550</u> | <u>10,325,107</u> | <u>\$ 1,066,977</u> |

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Compensated absences will be paid from the fund in which the employees' salaries were paid, which are generally the General Fund, Major Fund Parks & Recreation, Non-Major Governmental Funds, Water & Sewer Funds, Sanitation Fund, and Internal Service Fund.

NOTE 13: DEFICIT FUND BALANCES OF INDIVIDUAL FUNDS

| Fund | Deficit Amount |
|------------------------------|-------------------|
| Municipal Improvement | (253,416) |
| Solid Waste Assistance Grant | (36,771) |
| Park Improvements | (7,941) |

NOTE 14: CONTINGENCIES

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

Litigation - The City is party to legal proceedings, many of which occur in the normal course of governmental operations. The following contingency warranted additional disclosure:

On March 29, 2013, the City received notice from the United States Environmental Protection Agency (EPA) and the Mississippi Department of Environmental Quality (MDEQ). The notice advised the City of an investigation of alleged instances of unauthorized discharges of sanitary sewer wastewater and other shortcomings regarding its wastewater treatment plant and collection system.

From that date, and until December 30, 2015, the City, with the aid of engineering and legal professionals, engaged with the EPA, United States Department of Justice (DOJ) and MDEQ in extensive discussions, document generation and production, preliminary planning, development and tentative remediation programs to address the alleged deficiencies in the wastewater collection and treatment systems.

On December 30, 2015, the parties, having successfully negotiated an agreement that covers most of the work/remediation that will be undertaken by the City, the Greenville City Council executed a "Partial Consent Decree." That Decree was subsequently executed by the EPA, DOJ, and MDEQ. It was filed in the U. S. District Court for the Northern District of Mississippi in Greenville and was subsequently signed and entered by U.S. District Court Judge Debra Brown on May 4, 2016. Under this Consent Decree or, possibly, a modified version thereof, the City has performed and will continue to perform evaluation, planning and construction/repair projects on the sanitary sewer system. At the mid-point of this process, the parties will review studies that will have been performed on additional portions of the City's sewer system and determine whether additional work will be required. The question whether the EPA/DOJ will attempt to assess penalties against the City has been deferred and will not rise again until approximately 2019-2020. The City has been diligently working to comply with the requirements of the Consent Decree and, in fact, is substantially ahead of schedule in that regard. At this point in time an estimated range of additional cost has not been derived. Therefore, no financial provision has been entered in the financial statements at this time.

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September 30, 2017

Regarding other legal proceedings, it is not possible at the present time to estimate the ultimate outcome or liability, if any, of the City with respect to the various proceedings. However, the City's legal counsel believes that ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the City.

NOTE 15: TAX ABATEMENTS

For the year beginning October 1, 2016, the Governmental Accounting Standards Board (GASB) implemented Statement 77, *Tax Abatement Disclosures*. This statement requires governmental entities to disclose the reduction in tax revenues resulting from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

The City's council negotiates property tax abatements on an individual or entity basis with varying abatement periods. These abatements contribute to the economic development and citizenry of the municipality. The City had tax abatement agreements with six entities as of September 30, 2017.

The City had abatements under the following statute, which does not provide for the abatement of school or state tax levies:

27-31-105, Miss. Code (Ann.) 1972
All allowable property tax levies

| Category | Fiscal Year 2017 | |
|---|-------------------|------------------------|
| | % of Taxes Abated | Amount of Taxes Abated |
| Additions, expansions or equipment replacment | 100.00% | \$ 737,228 |

The companies were not required to comply with any special provisions in order to receive the abatements and the City made no commitments as part of the agreements other than to reduce taxes.

NOTE 16: SUBSEQUENT EVENTS

Events that occurred after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of the City of Greenville evaluated the activity of the City through June 22, 2018 and determined that no subsequent events have occurred requiring disclosure in the notes to the financial statements.

CITY OF GREENVILLE, MISSISSIPPI

REQUIRED SUPPLEMENTARY INFORMATION

City of Greenville, Mississippi
Budgetary Comparison Schedule
Budget and Actual (Non-GAAP Basis)
General Fund
For the Year Ended September 30, 2017

| | Budgeted Amount | | Actual | Variance |
|------------------------------------|-------------------|-------------------|-------------------|-------------------------|
| | Original | Final | Non-GAAP Basis | Favorable (Unfavorable) |
| <u>REVENUES:</u> | | | | |
| Ad Valorem Taxes | \$ 9,163,134 | \$ 9,488,765 | \$ 9,488,765 | \$ - |
| Licenses, Permits & Franchise Fees | 1,332,000 | 1,305,422 | 1,305,422 | - |
| Grants & Intergovernmental | 7,852,500 | 8,021,107 | 8,021,107 | - |
| Fines and Forfeits | 384,600 | 304,710 | 304,710 | - |
| Rental | 435,200 | 436,241 | 436,241 | - |
| Miscellaneous Revenues | 349,853 | 398,319 | 398,319 | - |
| Charges for Services | 37,500 | 34,520 | 34,520 | - |
| Total Revenues | 19,554,787 | 19,989,084 | 19,989,084 | - |
| <u>EXPENDITURES:</u> | | | | |
| General Government | | | | |
| Personal services | 1,234,416 | 1,180,097 | 1,180,097 | - |
| Other services and charges | 962,090 | 956,853 | 956,853 | - |
| Supplies | 59,530 | 46,989 | 46,989 | - |
| Capital outlay | 24,500 | 3,489 | 3,489 | - |
| Total general government | 2,280,536 | 2,187,428 | 2,187,428 | - |
| Public Safety | | | | |
| Police Department | | | | |
| Personal services | 5,902,499 | 5,845,210 | 5,845,210 | - |
| Other services and charges | 1,655,534 | 1,737,268 | 1,737,268 | - |
| Supplies | 85,802 | 70,835 | 70,835 | - |
| Capital outlay | 574,000 | 552,091 | 552,091 | - |
| Total Police Department | 8,217,835 | 8,205,404 | 8,205,404 | - |
| Fire Department | | | | |
| Personal services | 4,284,391 | 4,290,040 | 4,290,040 | - |
| Other services and charges | 320,240 | 530,424 | 530,424 | - |
| Supplies | 52,237 | 54,970 | 54,970 | - |
| Capital Outlay | 81,000 | 54,106 | 54,106 | - |
| Total Fire Department | 4,737,868 | 4,929,540 | 4,929,540 | - |
| Total Public Safety | 12,955,703 | 13,134,944 | 13,134,944 | - |
| Public Works | | | | |
| Personal services | 283,752 | 355,159 | 355,159 | - |
| Other services and charges | 856,622 | 940,638 | 940,638 | - |
| Supplies | (110,934) | (4,804) | (4,804) | - |
| Capital outlay | 152,100 | 149,133 | 149,133 | - |
| Total Public Works | 1,181,540 | 1,440,126 | 1,440,126 | - |
| Highways and Streets | | | | |
| Personal services | 144,222 | 263,422 | 263,422 | - |
| Other services and charges | 2,409,324 | 2,844,363 | 2,844,363 | - |
| Supplies | 491,650 | 78,054 | 78,054 | - |
| Capital outlay | 376,988 | 374,126 | 374,126 | - |
| Total Highways and Streets | 3,422,184 | 3,559,965 | 3,559,965 | - |

The accompanying notes to the Required Supplementary Information are an integral part of this statement.

City of Greenville, Mississippi
Budgetary Comparison Schedule
Budget and Actual (Non-GAAP Basis)
General Fund
For the Year Ended September 30, 2017

| | <u>Budgeted Amount</u> | | Actual | Variance |
|---|------------------------|---------------------|---------------------|-------------------------|
| | Original | Final | Non-GAAP Basis | Favorable (Unfavorable) |
| <u>EXPENDITURES CONTINUED:</u> | | | | |
| Health & Welfare | | | | |
| Other services and charges | 371,450 | 342,595 | 342,595 | - |
| Supplies | 2,500 | 1,791 | 1,791 | - |
| Total Health & Welfare | 373,950 | 344,386 | 344,386 | - |
| Economic Development | | | | |
| Personal services | 256,665 | 257,989 | 257,989 | - |
| Other services and charges | 288,044 | 224,300 | 224,300 | - |
| Supplies | 5,470 | 4,204 | 4,204 | - |
| Capital outlay | - | 522 | 522 | - |
| Total Economic Development | 550,179 | 487,015 | 487,015 | - |
| Debt Service | | | | |
| Principal paid | 68,684 | 68,684 | 68,684 | - |
| Interest paid | 35,274 | 35,274 | 35,274 | - |
| | 103,958 | 103,958 | 103,958 | - |
| Total Expenditures | 20,868,050 | 21,257,822 | 21,257,822 | - |
| Excess of Revenues over (under) Expenditures | (1,313,263) | (1,268,738) | (1,268,738) | - |
| <u>OTHER FINANCING SOURCES (USES)</u> | | | | |
| Operating transfers in (out) | | | | |
| transfers in | 1,856,742 | 1,853,742 | 1,853,742 | - |
| transfers (out) | (1,486,000) | (1,486,000) | (1,486,000) | - |
| Total other financing sources (uses) | 370,742 | 367,742 | 367,742 | - |
| Net Change in Fund Balance | (942,521) | (900,996) | (900,996) | - |
| Fund Balances - Beginning | (2,420,994) | 5,320,411 | 5,320,411 | - |
| Fund Balances - Ending | \$ (3,363,515) | \$ 4,419,415 | \$ 4,419,415 | \$ - |

The accompanying notes to the Required Supplementary Information are an integral part of this statement.

City of Greenville, Mississippi
Budgetary Comparison Schedule
Budget and Actual (Non-GAAP Basis)
Major Fund Parks & Recreation
For the Year Ended September 30, 2017

| | Budgeted Amount | | Actual | Variance |
|---|------------------|---------------------|---------------------|-------------------------|
| | Original | Final | Non-GAAP Basis | Favorable (Unfavorable) |
| <u>REVENUES:</u> | | | | |
| Ad Valorem Taxes | \$ 370,233 | \$ 381,087 | \$ 381,087 | \$ - |
| Grants & Intergovernmental | 12,000 | 16,735 | 16,735 | - |
| Rental | 18,000 | 18,730 | 18,730 | - |
| Miscellaneous Revenues | 50,005 | 3,990 | 3,990 | - |
| Charges for Services | 231,000 | 200,558 | 200,558 | - |
| Total Revenues | 681,238 | 621,100 | 621,100 | - |
| <u>EXPENDITURES:</u> | | | | |
| Parks & Recreation | | | | |
| Personal services | 578,933 | 552,410 | 552,410 | - |
| Other services and charges | 151,618 | 178,869 | 178,869 | - |
| Supplies | 171,600 | 132,666 | 132,666 | - |
| Capital outlay | 48,050 | 40,665 | 40,665 | - |
| Total Expenditures | 950,201 | 904,610 | 904,610 | - |
| Excess of Revenues over (under) Expenditures | (268,963) | (283,510) | (283,510) | - |
| <u>OTHER FINANCING SOURCES (USES)</u> | | | | |
| Operating transfers in (out) | | | | |
| transfers in | 419,000 | 419,000 | 419,000 | - |
| transfers (out) | - | - | - | - |
| Total other financing sources (uses) | 419,000 | 419,000 | 419,000 | - |
| Net Change in Fund Balance | 150,037 | 135,490 | 135,490 | - |
| Fund Balances - Beginning | (66,429) | (277,982) | (277,982) | - |
| Fund Balances - Ending | \$ 83,608 | \$ (142,492) | \$ (142,492) | \$ - |

The accompanying notes to the Required Supplementary Information are an integral part of this statement.

City of Greenville, Mississippi
Schedule of Funding Progress – Other Postemployment Benefits
For the Year Ended September 30, 2017

City of Greenville-Schedule of Funding Progress - Other Postemployment Benefits-September 30, 2017

| Plan Year | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) Entry Age (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|-----------|--|--|------------------------------------|--------------------------|---------------------------|--|
| 2014-2015 | \$ 0 | \$1,585,809 | \$1,585,809 | 0.00% | \$7,942,130 | 20.00% |
| 2015-2016 | \$ 0 | \$687,835 | \$687,835 | 0.00% | \$6,957,985 | 9.90% |
| 2016-2017 | \$ 0 | \$755,733 | \$755,733 | 0.00% | \$7,097,145 | 10.60% |

The accompanying notes to the Required Supplementary Information are an integral part of this statement.

City of Greenville, Mississippi
Schedule of the City's Proportionate Share of the Net Pension Liability (PERS)
Last 10 Fiscal Years*
For the Year Ended September 30, 2017

| | 2017 | 2016 | 2015 | 2014 |
|---|---------------|------------|------------|------------|
| Proportion of the net pension liability (asset) | 0.154% | 0.178% | 0.181% | 0.184% |
| Proportionate share of the net pension liability (asset) | \$ 25,600,027 | 31,795,245 | 27,979,031 | 22,334,231 |
| Covered-employee payroll | \$ 9,866,505 | 11,381,273 | 11,281,090 | 11,205,833 |
| Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 259.46% | 279.36% | 248.02% | 199.31% |
| Plan fiduciary net position as a percentage of the total pension liability | 61.49% | 57.47% | 61.70% | 67.21% |

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

The accompanying notes to the Required Supplementary Information are an integral part of this statement.

City of Greenville, Mississippi
Schedule of City's Contributions – Pension (PERS) & (MMRS)
Last 10 Fiscal Years*
For the Year Ended September 30, 2017

Public Employees Retirement Systems (PERS)

| | 2017 | 2016 | 2015 |
|--|------------------|------------------|------------------|
| Contractually required contribution | \$ 1,467,162 | 1,861,107 | 1,779,564 |
| Contributions in relation to the contractually required contribution | <u>1,467,162</u> | <u>1,861,107</u> | <u>1,779,564</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>-</u> | <u>-</u> |
| Covered-employee payroll | \$ 9,315,315 | 11,816,549 | 11,298,816 |
| Contributions as a percentage of covered-employee payroll | 15.75% | 15.75% | 15.75% |

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

Mississippi Municipal Retirement Systems (MMRS)

| | 2017 | 2016 | 2015 |
|--|----------------|----------------|----------------|
| Actuarially determined contribution | \$ 589,633 | 612,832 | 601,720 |
| Contributions in relation to the actuarially determined contribution | <u>589,633</u> | <u>612,832</u> | <u>601,720</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>-</u> | <u>-</u> |
| Covered-employee payroll* | N/A | N/A | N/A |
| Contributions as a percentage of covered-employee payroll | N/A | N/A | N/A |

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, The City presents information for those years for which information is available.

* Payroll-related information not provided because the plan is closed to new entrants and there are no remaining active members.

The accompanying notes to the Required Supplementary Information are an integral part of this statement.

City of Greenville, Mississippi
Schedule of City's Changes in the Net Pension Liability (MMRS)
Last 10 Fiscal Years*
For the Year Ended September 30, 2017

| | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|---|----------------------------|-------------------------|-------------------------|
| Total Pension Liability | | | |
| Service Cost | | | |
| Interest | \$ 685,107 | 692,751 | 719,926 |
| Differences between expected and actual experience | 25,167 | 205,643 | (59,398) |
| Changes of assumptions | 29,545 | - | 284,198 |
| Benefit payments, including refunds of employee contributions | (991,494) | (1,002,578) | (1,007,564) |
| Net Change in total pension liability | <u>(251,675)</u> | <u>(104,184)</u> | <u>(62,838)</u> |
| Total pension liability - beginning | <u>9,335,834</u> | <u>9,440,018</u> | <u>9,502,856</u> |
| Total pension liability - ending (a) | <u><u>\$ 9,084,159</u></u> | <u><u>9,335,834</u></u> | <u><u>9,440,018</u></u> |
| Plan fiduciary net position | | | |
| Contributions - employer | \$ 589,633 | 612,832 | 601,720 |
| Net investment income | 419,956 | 17,714 | 114,107 |
| Benefit payments, including refunds of employee contributions | (991,494) | (1,002,578) | (1,007,564) |
| Administrative expense | (11,793) | (12,257) | (12,034) |
| Other | 2,805 | 8,467 | - |
| Net change in plan fiduciary net position | <u>9,107</u> | <u>(375,822)</u> | <u>(303,771)</u> |
| Plan net position - beginning | <u>3,225,718</u> | <u>3,601,540</u> | <u>3,905,311</u> |
| Plan net position - ending (b) | <u><u>\$ 3,234,825</u></u> | <u><u>3,225,718</u></u> | <u><u>3,601,540</u></u> |
| Net pension liability (asset) - ending (a) - (b) | \$ 5,849,334 | 6,110,116 | 5,838,478 |
| Plan fiduciary net position as a percentage of the total pension liability | 35.61% | 34.55% | 38.15% |

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City can only present information for which it is available.

The accompanying notes to the Required Supplementary Information are an integral part of this statement.

CITY OF GREENVILLE, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2017
“UNAUDITED”

A. Budgetary Information.

Statutory requirements dictate how and when the City’s budget is to be prepared. Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the City Clerk or Chief Administrative Officer prepares an original budget for each of the Governmental Funds for said fiscal year. The completed budget for the fiscal year includes for each fund every source of revenue, each general item of expenditure, and the unencumbered cash and investment balances. When during the fiscal year it appears to the City Council that budgetary estimates will not be met, it may make revisions to the budget.

The City’s budget is prepared principally on the cash basis of accounting. All appropriations lapse at year-end, and there are no encumbrances to budget because state law does not require that funds be available when goods or services are ordered, only when payment is made.

B. Basis of Presentation.

The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) presents the original legally adopted budget, the final legally adopted budget, actual amounts on a budgetary (Non-GAAP Basis) and variances between the final budget and the actual amounts. The schedule is presented for the General Fund and the Parks & Recreation Fund. The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) is a part of required supplemental information.

C. Budget/GAAP Reconciliation

The major differences between the budgetary basis and the GAAP basis are:

1. Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

The following schedule reconciles the budgetary basis schedules to the GAAP basis financial statements for the General Fund and each major Special Revenue Fund:

| Governmental Fund Type | General Fund |
|---|------------------------------|
| Budget (Cash Basis) | \$ (900,996) |
| Increase (Decrease) | |
| Net adjustments for revenue accruals | (408,946) |
| Net adjustments for expense accruals | (48,096) |
| Net Change in Fund Balance - GAAP Basis | <u><u>\$ (1,358,038)</u></u> |

CITY OF GREENVILLE, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2017
“UNAUDITED”

| Governmental Fund Type | Major Fund Parks and Recreation |
|---|------------------------------------|
| Budget (Cash Basis) | \$ 135,490 |
| Increase (Decrease) | |
| Net adjustments for revenue accruals | - |
| Net adjustments for expense accruals | - |
| Net Change in Fund Balance - GAAP Basis | <u>\$ 135,490</u> |

D. Excess of Actual Expenditures over Budget in Individual Funds.

No funds with actual expenditures over budgeted amounts were identified.

E. Unbudgeted Funds.

There were no unbudgeted funds.

Pension Schedules

A. Changes in benefit provisions.

2017

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

B. Changes of assumptions.

2015

The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015.

The expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015.

Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.

Assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

The price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.

CITY OF GREENVILLE, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2017
“UNAUDITED”

2016

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

2017

The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022. Small adjustments were also made to the Mortality Table for disabled lives.

The wage inflation assumption was reduced from 3.75% to 3.25%

Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual and anticipated experience.

The percentage of active member disabilities assumed to be in the line of duty was increased from 6% to 7%.

CITY OF GREENVILLE, MISSISSIPPI

SUPPLEMENTAL INFORMATION

CITY OF GREENVILLE, MISSISSIPPI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2017

| Federal Agency/ Pass-Through Entity/ Program Title | Federal CFDA Number | Agency or Pass-through Number | Federal Expenditures |
|--|------------------------------------|--|---------------------------------|
| U.S. Department of Defense | | | |
| Direct Programs: | | | |
| Mississippi Environmental Infrastructure (Section 592) ARRA | 12.124 | Corp of Engineers | 59,910 |
| Total Department of Defense | | | 59,910 |
| U. S. Department of Transportation | | | |
| Direct Programs: | | | |
| Airport Improvement Program | | | |
| FAA Project 2014 | 20.106 | 3-28-0027-032-2014 | 640,147 |
| FAA Project 2016 | 20.106 | 3-28-0027-033-2016 | 127,354 |
| FAA Project 2017 | 20.106 | 3-28-0027-034-2017 | 3,812 |
| Total Direct Programs | | | 771,313 |
| Pass-Through Programs: | | | |
| Passed-through the Mississippi Department of Transportation | | | |
| Highway Planning and Construction | | | |
| Yazoo & Mississippi Railroad Depot | * 20.205 | LPA-105560-701000 | 322,493 |
| Total Highway Planning and Construction | | | 322,493 |
| Total U. S. Department of Transportation | | | 1,093,806 |
| U.S. Environmental Protection Agency | | | |
| Direct Programs: | | | |
| Brownfields Assessment and Cleanup Cooperative Agreements | 66.818 | #00D11113 | 5,962 |
| Total Direct Programs | | | 5,962 |
| Pass-Through Programs: | | | |
| Passed-through the Mississippi Department of Environmental Quality | | | |
| Capitalization Grants for Clean Water State Revolving Funds | * 66.458 | SRF-C280767-08 | 294,255 |
| Capitalization Grants for Clean Water State Revolving Funds | * 66.458 | SRF-C280767-09 | 1,000,027 |
| Total Capitalization Grants for Clean Water State Revolving Funds | | | 1,294,282 |
| Total U. S. Environmental Protection Agency | | | 1,300,244 |
| Delta Area Economic Development | | | |
| Direct Programs: | | | |
| Delta Regional Authority | 90.201 | MS-50168 | 34,677 |
| Total Delta Area Economic Development | | | 34,677 |
| U.S. Department of Homeland Security | | | |
| Direct Programs | | | |
| Law Enforcement Officer Reimbursement Agreement Program | 97.090 | HSTS01-04-A-LEF-295 | 16,526 |
| Assistance to Firefighters Grant | 97.044 | EMW-2015-FO-03025 | 90,000 |
| Total U. S. Department of Homeland Security | | | 106,526 |
| Total Expenditures of Federal Awards | | | \$ 2,595,163 |

* Denotes Major Federal Award Program

The accompanying notes to the Supplemental Information are an integral part of this statement.

CITY OF GREENVILLE, MISSISSIPPI
NOTES TO THE SUPPLEMENTAL INFORMATION
For the Year Ended September 30, 2017

A. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the City of Greenville under programs of the federal government for the year ended September 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City.

B. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts (if any) shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

C. Indirect Cost Rate

The City has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

D. Loan or Loan Guarantee Programs

The City received the following WPCRLF federal funds (CFDA No. 66.458, U. S. Environmental Protection Agency) passed through the Mississippi Department of Environmental Quality in fiscal year 2017:

| Loan Numbers | | Beginning Loan Disbursements | | State Funds | Federal Funds | Total Loan |
|----------------|----|------------------------------|---------------|-------------|---------------|------------|
| | | State Funds | Federal Funds | Disbursed | Disbursed* | Disbursed |
| SRF-C280767-08 | \$ | -0- | -0- | 58,851 | 294,255 | 353,106 |
| SRF-C280767-09 | \$ | 1,701,565 | -0- | 747,380 | 1,000,027 | 3,448,972 |

*Federal Expenditures per Schedule of Expenditures of Federal Awards

CITY OF GREENVILLE, MISSISSIPPI

OTHER INFORMATION

CITY OF GREENVILLE, MISSISSIPPI
SCHEDULE OF SURETY BONDS FOR CITY OFFICIALS
September 30, 2017

| Name | Position | Bond Amount | Expiration Date | Surety Company |
|------------------------|-----------------------------|-------------|--------------------|----------------|
| Errick D. Simmons | Mayor | 100,000 | 1/1/2018 | C N A Surety |
| William Al Brock, Jr. | Council Member | 100,000 | 1/1/2018 | C N A Surety |
| Lois Hawkins | Council Member | 100,000 | 1/1/2018 | C N A Surety |
| Carolyn Weathers | Council Member | 100,000 | 1/1/2018 | C N A Surety |
| Betty Watkins | Council Member | 100,000 | 1/1/2018 | C N A Surety |
| Ann Hollowell | Council Member | 100,000 | 1/1/2018 | C N A Surety |
| James Wilson, Sr. | Council Member | 100,000 | 1/1/2018 | C N A Surety |
| Amelia D. Wicks | City Clerk | 100,000 | Indefinite | C N A Surety |
| Lisa Cain | Accounting Clerk | 50,000 | Indefinite | C N A Surety |
| Janice Caswell | Deputy Court Clerk | 50,000 | Indefinite | C N A Surety |
| Celestine Humes | Accounting Clerk | 50,000 | Indefinite | C N A Surety |
| Maple Smith | Legal Secretary | 50,000 | Indefinite | C N A Surety |
| Martha Harris | Privilege License Clerk | 50,000 | Indefinite | C N A Surety |
| Felicia Wilkerson | Utility Clerk | 50,000 | Indefinite | C N A Surety |
| Gwanda Suber | Municipal Court Clerk | 50,000 | Indefinite | C N A Surety |
| Cynthia Stevens | Deputy Court Clerk | 50,000 | Indefinite | C N A Surety |
| Priscilla Bush | Deputy Court Clerk | 50,000 | Indefinite | C N A Surety |
| Kenyotta Lee | Deputy Court Clerk | 50,000 | Indefinite | C N A Surety |
| Ennissica Hibler | Deputy Court Clerk | 50,000 | Indefinite | C N A Surety |
| Delando Wilson | Police Chief | 50,000 | Indefinite | C N A Surety |
| Michael Merchant | Asst. Police Chief | 50,000 | Indefinite | C N A Surety |
| Misty Litton | Police Major | 50,000 | Indefinite | C N A Surety |
| Danny Graise | Police Captain | 50,000 | Indefinite | C N A Surety |
| Keith Jackson | Police Captain | 50,000 | Indefinite | C N A Surety |
| Nakia Williams-Hunter | Police Administrative Asst. | 50,000 | Indefinite | C N A Surety |
| Virginia Davis | Police Records Supervisor | 50,000 | Indefinite | C N A Surety |
| Cynthia Willis | Police Administrative Asst. | 50,000 | Indefinite | C N A Surety |
| Joanna Gardner Ross | Police Records Clerk | 50,000 | Indefinite | C N A Surety |
| Rosa F. Matthews | Police Records Clerk | 50,000 | Indefinite | C N A Surety |
| Veronica Johnson | Police Records Clerk | 50,000 | Indefinite | C N A Surety |
| Khiryra Page | Police Records Clerk | 50,000 | Indefinite | C N A Surety |
| Carolyn S. Bolden | Police Records Clerk | 50,000 | Indefinite | C N A Surety |
| Katrina Ingram | Police Records Clerk | 50,000 | Indefinite | C N A Surety |
| Alexis Harris | Police Records Clerk | 50,000 | Indefinite | C N A Surety |
| Courtney Thomas | Police Records Clerk | 50,000 | Indefinite | C N A Surety |
| Edna Turner | Police Records Clerk | 50,000 | Indefinite | C N A Surety |
| Sammeisha Faulkner | Police Records Clerk | 50,000 | Indefinite | C N A Surety |
| Cordell Daniels | Police Special Operations | 50,000 | Indefinite | C N A Surety |
| Lonnie McClinton | Police Special Operations | 50,000 | Indefinite | C N A Surety |
| Johnathan West | Police Special Operations | 50,000 | Indefinite | C N A Surety |
| Ira Lee Owen | Airport Director | 50,000 | Indefinite | C N A Surety |
| LaToya Redmon | Airport Exectuive Assistant | 50,000 | Indefinite | C N A Surety |
| Alfred Rankins | Park Commissioner | 50,000 | Indefinite | C N A Surety |
| Mario Kirksey | Park Commissioner | 50,000 | Indefinite | C N A Surety |
| Scott Rainwater | Park Commissioner | 50,000 | Indefinite | C N A Surety |
| Thomas D. Nall | Park Commissioner | 50,000 | Indefinite | C N A Surety |
| Mel Covington | Park Commissioner | 50,000 | Indefinite | C N A Surety |
| Corey Holmes | Parks Director | 50,000 | Indefinite | C N A Surety |
| Chontina Jarmon | Administrative Assistant | 50,000 | Indefinite | C N A Surety |
| Ervin Thomas | Parks/Recr. Supervisor | 50,000 | Indefinite | C N A Surety |
| Nathaniel Watkins, Jr. | Parks/Recr. Supervisor | 50,000 | Indefinite | C N A Surety |
| Eugene Palmer | Parks/Recr. Supervisor | 50,000 | Indefinite | C N A Surety |
| Sidney Lee Sipes | Golf Course Supervisor | 50,000 | Indefinite | C N A Surety |
| Jake Perry | Golf Course Assistant | 50,000 | Indefinite | C N A Surety |
| Teresa Kingdom | Human Resources Dir. | 50,000 | Indefinite | C N A Surety |
| Geneva Carter | H R Administrative Asst. | 50,000 | Indefinite | C N A Surety |
| Thomas Haynes | Safety Coordinator | 50,000 | Indefinite | C N A Surety |
| Ruben Brown | Fire Chief | 50,000 | Indefinite | C N A Surety |
| Tawanna Haynes | Fire Adm. Assistant | 50,000 | Indefinite | C N A Surety |
| Carlton Williams | Planning/Zoning Dir. | 50,000 | Indefinite | C N A Surety |
| Erie Jackson | Planning Clerk II | 50,000 | Indefinite | C N A Surety |
| Everett Chin | Exec. Asst. to the Mayor | 50,000 | Indefinite | C N A Surety |

CITY OF GREENVILLE, MISSISSIPPI
RECONCILIATION OF TAX ASSESSMENTS TO FUND COLLECTIONS - 2016 TAX ROLLS
For the Year Ended September 30, 2017

| | Tax | | | |
|--|---------------|---------------|-----------|---------------|
| | Assessed | | | |
| Assessments - 2016 Tax Rolls | Valuation | Ad Valorem | | |
| Real Property | \$124,140,016 | | | |
| Personal Property | 30,881,330 | | | |
| Auto and Mobile Home | 25,738,343 | | | |
| Public Utility | 24,432,980 | | | |
| Total Assessed Valuation | 205,192,669 | | | |
| Total Ad Valorem Tax @ 59.41 Mills | 12,190,496 | | | |
| Less: Homestead Exemption Credit | \$ 892,298 | | | |
| Net Ad Valorem Taxes | | \$ 11,298,198 | | |
| Other Collections: | | | | |
| Actual Homestead Reimbursements | | 497,117 | | |
| Prior Year Tax Collections | | 161,977 | | |
| Penalties and Interest on Delinquent Taxes | | 70,055 | | |
| Deductions: | | | | |
| Washington County Tax Collector's Commission | | (119,456) | | |
| Total Ad Valorem Taxes to be Accounted For | | \$ 11,907,892 | | |
| Collections: | | | | |
| Allocated to: | Fund # | Taxes | Homestead | Total |
| General Fund | 001 | 8,842,504 | 393,276 | 9,235,780 |
| Parks | 100 | 375,659 | 16,735 | 392,394 |
| Library | 103 | 319,358 | 14,225 | 333,583 |
| Debt Service | 200 | 1,073,547 | 51,795 | 1,125,342 |
| Fire & Police Pension | 600 | 562,367 | 21,086 | 583,453 |
| | | 11,173,435 | 497,117 | 11,670,552 |
| Balance Represented by: | | | | |
| Unpaid realty & unaccounted for under (over) collections | | | | 237,340 |
| Total Ad Valorem Taxes Accounted for | | | | \$ 11,907,892 |

CITY OF GREENVILLE, MISSISSIPPI
RECONCILIATION OF TAX ASSESSMENTS TO FUND COLLECTIONS - 2016 TAX ROLLS (Cont'd)
For the Year Ended September 30, 2017

Tax millage levies for the current fiscal year (tax year 2016) were as follows:

| <u>Fund</u> | <u>Millage</u> | <u>Purpose</u> |
|--------------------------|----------------|--|
| General | 47.00 | General Current Expenditures & Maintenance |
| Parks | 2.00 | Park Current Expenditures & Maintenance |
| Library | 1.70 | Library Current Expenditures & Maintenance |
| Bond & Interest | 6.09 | General City Obligation Bonds & Interest |
| Fire & Police Disability | 2.62 | Fire & Police Disability Fund |
| Total Tax Levy | <u>59.41</u> | |

Ad Valorem tax collections were found to be under the limitations of Sections 27-39-320 to 27-39-329, Miss. Code annotated (1972), as follows:

| | | | |
|----------------------|----------------------------------|----------------------|----------------------------------|
| \$ 11,492,865 | Base 2015-2016 | \$ 11,173,435 | Taxes collected 2016-2017 |
| <u>1,098,823</u> | Less: Applicable to Debt Service | <u>1,073,547</u> | Less: Applicable to Debt Service |
| 10,394,042 | | 10,099,888 | |
| 1,039,404 | 10 % Increase | 497,117 | Homestead Exemption |
| | | <u>51,795</u> | Less: Applicable to Debt Service |
| | | <u>445,322</u> | |
| | | 888,236 | Under (Over) Limitation |
| <u>\$ 11,433,446</u> | | <u>\$ 11,433,446</u> | |

CITY OF GREENVILLE, MISSISSIPPI
SCHEDULE OF LONG-TERM DEBT
For the Year Ended September 30, 2017

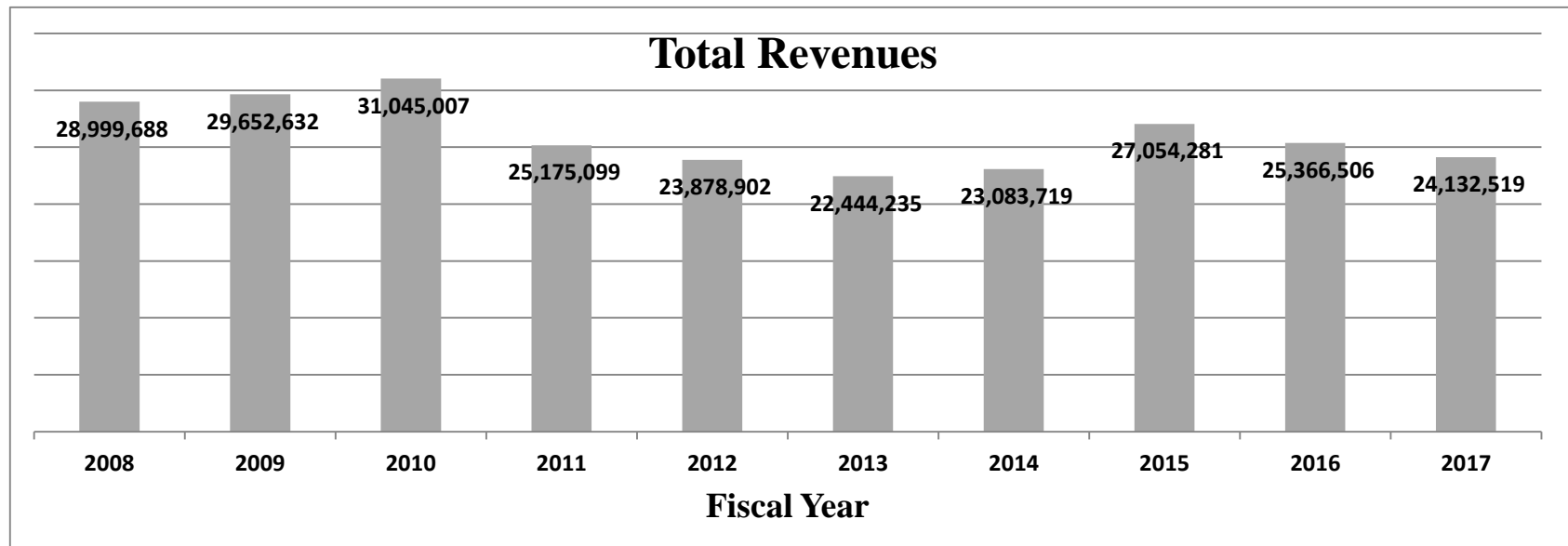
| Description | Issue Date | Balance 10/01/16 | Issued | Paid | Balance 09/30/17 | Principal Amount Due | |
|---|------------|------------------|-----------|-----------|------------------|----------------------|-----------------|
| | | | | | | 2018 | Remaining Years |
| General Obligation Bonds | | | | | | | |
| Series 2007-Street Bond | 05/10/07 | \$ 95,000 | | 95,000 | | | |
| Series 2008-Street Bond | 08/22/08 | 185,000 | | 90,000 | 95,000 | 95,000 | |
| Series 2010-Street Bond | 05/18/10 | 1,095,000 | | 165,000 | 930,000 | 170,000 | \$ 760,000 |
| Series 2015-Refunding Bond | 07/29/15 | 2,849,000 | | 47,000 | 2,802,000 | 147,000 | 2,655,000 |
| Total General Obligation Bonds | | 4,224,000 | - | 397,000 | 3,827,000 | 412,000 | 3,415,000 |
| Other Loans | | | | | | | |
| GO Note - Parks, Equipment & Expenses | 07/26/13 | 409,929 | | 203,418 | 206,511 | 206,511 | |
| E One Fire Pumper Truck | 10/13/14 | 242,493 | | 242,493 | | | |
| GO Note - Parks, Equipment & Expenses | 12/15/15 | 1,336,426 | | 293,665 | 1,042,761 | 298,786 | 743,975 |
| E One Fire Pumper Truck | 01/06/16 | 369,160 | | 81,076 | 288,084 | 82,523 | 205,561 |
| GO Note Equip, Vehicles & Building Ren | 12/07/16 | | 783,000 | 87,892 | 695,108 | 158,258 | 536,850 |
| GO Note Equipment & Vehicles | 01/05/17 | | 986,000 | 108,273 | 877,727 | 192,235 | 685,492 |
| GO Note Sewer Lifts & Water Tank | 05/04/17 | | 700,000 | 56,292 | 643,708 | 135,239 | 508,469 |
| Sub-Total Governmental Funds | | 2,358,008 | 2,469,000 | 1,073,109 | 3,753,899 | 1,073,552 | 2,680,347 |
| State Revolving-C280767-07 | 09/01/10 | 347,690 | | 23,036 | 324,654 | 23,441 | 301,213 |
| SRF Refunding GO Note | 07/01/13 | 1,325,872 | | 753,351 | 572,521 | 572,521 | |
| State Revolving-C280767-08 | 07/30/14 | | 353,781 | 5,039 | 348,742 | 15,294 | 333,448 |
| State Revolving-C280767-09 | Various | 1,701,565 | 1,747,407 | | 3,448,972 | | 3,448,972 |
| Sub-Total Water & Sewer Fund | | 3,375,127 | 2,101,188 | 781,426 | 4,694,889 | 611,256 | 4,083,633 |
| Total Other Loans | | 5,733,135 | 4,570,188 | 1,854,535 | 8,448,788 | 1,684,808 | 6,763,980 |
| Capital Leases | | | | | | | |
| Energy Project - Siemens-General Fund | 09/28/11 | 946,551 | | 68,684 | 877,867 | 71,352 | 806,515 |
| Energy Project - Siemens-Water & Sewer Fund | 09/28/11 | 6,045,526 | | 438,676 | 5,606,850 | 455,721 | 5,151,129 |
| Total Capital Leases | | 6,992,077 | - | 507,360 | 6,484,717 | 527,073 | 5,957,644 |
| Other | | | | | | | |
| Compensated Absences | | 1,026,984 | 20,066 | 209,450 | 837,600 | | |
| Total Long Term Debt | | | | | | | |
| | | \$17,976,196 | 4,590,254 | 2,968,345 | 19,598,105 | 2,623,881 | \$ 16,136,624 |

CITY OF GREENVILLE, MISSISSIPPI

STATISTICAL INFORMATION

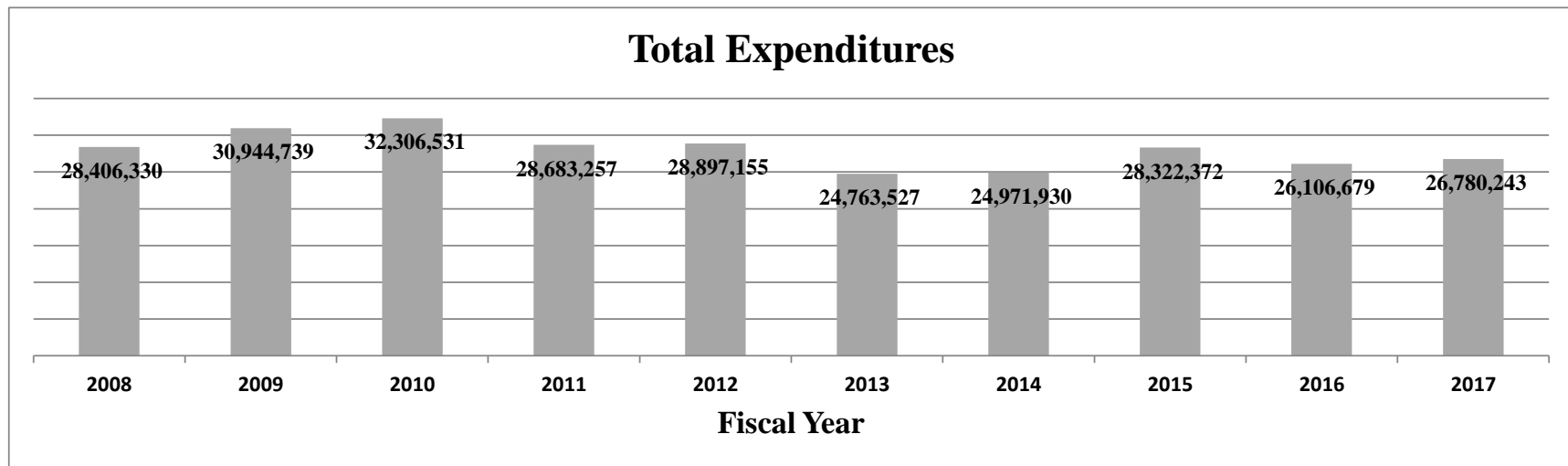
CITY OF GREENVILLE, MISSISSIPPI
GOVERNMENTAL REVENUES BY SOURCE
Last Ten Fiscal Years

| Fiscal Year | Taxes | Fines, Fees, Licenses & Permits | Intergovernmental | Charges for Services | Rental Income | Miscellaneous Operating | Total Revenues |
|--------------------|--------------------|--|--------------------------|---------------------------------|--------------------------|------------------------------------|---------------------------|
| 2008 | 20,456,307 | 819,561 | 4,313,548 | 1,800,169 | 975,112 | 634,991 | 28,999,688 |
| 2009 | 20,353,656 | 1,229,088 | 5,349,737 | 1,628,402 | 755,341 | 336,408 | 29,652,632 |
| 2010 | 21,150,238 | 904,484 | 6,500,612 | 1,444,171 | 792,144 | 253,358 | 31,045,007 |
| 2011 | 18,787,050 | 613,631 | 4,166,620 | 428,614 | 1,122,068 | 57,116 | 25,175,099 |
| 2012 | 19,084,941 | 578,489 | 2,516,825 | 370,793 | 1,163,941 | 163,913 | 23,878,902 |
| 2013 | 19,174,001 | 511,212 | 1,110,746 | 396,869 | 1,077,206 | 174,201 | 22,444,235 |
| 2014 | 19,870,163 | 647,199 | 1,062,572 | 387,913 | 968,035 | 147,837 | 23,083,719 |
| 2015 | 19,978,481 | 681,930 | 4,547,107 | 421,573 | 726,066 | 699,124 | 27,054,281 |
| 2016 | 20,271,753 | 621,863 | 2,935,188 | 467,036 | 749,284 | 321,382 | 25,366,506 |
| 2017 | 19,986,255 | 489,524 | 2,102,037 | 434,805 | 717,686 | 402,212 | 24,132,519 |
| Total | 199,112,845 | 7,096,981 | 34,604,992 | 7,780,345 | 9,046,883 | 3,190,542 | \$260,832,588 |



CITY OF GREENVILLE, MISSISSIPPI
GOVERNMENTAL EXPENDITURES BY FUNCTION
Last Ten Fiscal Years

| Fiscal Year | General Government | Public Safety | Public Works | Health and Sanitation | Culture & Recreation and Economic Dev. | Airport | Capital Projects | Debt Service | Total Expenditures |
|-------------|----------------------|----------------------|---------------------|-----------------------|--|---------------------|---------------------|---------------------|----------------------|
| 2008 | 4,611,672 | 11,485,695 | 3,217,079 | 294,000 | 853,053 | 932,049 | 4,978,769 | 2,034,013 | 28,406,330 |
| 2009 | 3,859,020 | 12,788,587 | 2,067,676 | 294,000 | 863,524 | 999,319 | 6,447,273 | 3,625,340 | 30,944,739 |
| 2010 | 3,992,895 | 12,475,008 | 2,179,984 | 294,000 | 797,337 | 886,164 | 8,073,127 | 3,608,016 | 32,306,531 |
| 2011 | 2,149,415 | 11,366,152 | 5,913,414 | 471,404 | 1,147,114 | 4,361,606 | - | 3,274,152 | 28,683,257 |
| 2012 | 3,721,217 | 12,080,985 | 6,199,009 | 356,578 | 1,379,192 | 1,441,853 | - | 3,718,321 | 28,897,155 |
| 2013 | 2,203,438 | 11,737,899 | 4,366,970 | 365,428 | 1,198,444 | 1,285,770 | - | 3,605,578 | 24,763,527 |
| 2014 | 2,615,769 | 12,437,763 | 5,229,729 | 378,964 | 1,481,318 | 1,081,980 | - | 1,746,407 | 24,971,930 |
| 2015 | 2,574,904 | 12,854,951 | 5,944,357 | 371,114 | 1,724,533 | 3,871,560 | - | 980,953 | 28,322,372 |
| 2016 | 2,681,912 | 12,969,784 | 4,559,747 | 374,877 | 1,527,817 | 2,773,599 | - | 1,218,943 | 26,106,679 |
| 2017 | 2,545,360 | 13,280,155 | 5,127,487 | 344,386 | 1,412,150 | 2,307,289 | - | 1,763,416 | 26,780,243 |
| Total | <u>\$ 30,955,602</u> | <u>\$123,476,979</u> | <u>\$44,805,452</u> | <u>\$ 3,544,751</u> | <u>\$ 12,384,482</u> | <u>\$19,941,189</u> | <u>\$19,499,169</u> | <u>\$25,575,139</u> | <u>\$280,182,763</u> |



CITY OF GREENVILLE, MISSISSIPPI
COMPUTATION OF LEGAL DEBT MARGIN
For the Year Ended September 30, 2017

| Date of Issue | Description | Total Outstanding G/O Debt | Bonds/Notes Subject To 15% Limitation | Bonds/Notes Subject To 20% Limitation |
|--|--|----------------------------------|--|--|
| <u>OUTSTANDING GENERAL OBLIGATION DEBT:</u> | | | | |
| 08/22/08 | Series 2008-Street Bond | \$ 95,000 | \$ 95,000 | \$ 95,000 |
| 05/18/10 | Series 2010-Street Bond | 930,000 | 930,000 | 930,000 |
| 07/29/15 | Series 2015-Refunding Bond | 2,802,000 | 2,802,000 | 2,802,000 |
| 07/03/13 | SRF Refunding-GO Note | 572,521 | 572,521 | 572,521 |
| 07/26/13 | Parks & Equipment-GO Note | 206,511 | 206,511 | 206,511 |
| 12/15/15 | Parks & Equipment-GO Note | 1,042,761 | 1,042,761 | 1,042,761 |
| 01/06/16 | E One Fire Pumper Truck-GO Note | 288,084 | 288,084 | 288,084 |
| 12/07/16 | Equipment, Vehicles & Building Ren-GO Note | 695,108 | 695,108 | 695,108 |
| 01/05/17 | Equipment & Vehicles-GO Note | 877,727 | 877,727 | 877,727 |
| 05/04/17 | Sewer Lifts & Water Tank-GO Note | 643,708 | 643,708 | 643,708 |
| | Total Outstanding General Obligation Debt | <u>8,153,420</u> | <u>8,153,420</u> | <u>8,153,420</u> |

AUTHORIZED DEBT LIMIT:

| | | | |
|---|-------------|----------------------|----------------------|
| Assessed Value for the fiscal year ended September 30, 2017 | 205,192,669 | 30,778,900 | 41,038,534 |
| Present Debt (Subject to 15% and 20% Limitation, respectively) | | <u>8,153,420</u> | <u>8,153,420</u> |
| Margin for Further Indebtedness (Under 15% and 20% Limitation, respectively) | | <u>\$ 22,625,480</u> | <u>\$ 32,885,114</u> |

LIMITATION OF INDEBTEDNESS - SECTION 21-33-303 AS AMENDED

No municipality shall hereafter issue bonds secured by a pledge of its full faith and credit for the purposes authorized by law in an amount which, when added to the then outstanding bonded indebtedness of such municipality, shall exceed either (a) fifteen percent (15%) of the assessed value of taxable property within such municipality, according to the last completed assessment for taxation, or (b) ten percent (10%) of the assessment upon which taxes were levied for its fiscal year ending September 30, 1984, whichever is greater. In computing such indebtedness, there may be deducted all bonds or other evidences of indebtedness, heretofore or hereafter issued, for school, water, sewerage systems, gas, and light and power purposes and for the construction of special improvements primarily chargeable to the property that benefited, or for the purpose of paying the municipality's proportion of any betterment program, a portion of which is primarily chargeable to the property benefited. However, in no case shall any municipality contract any indebtedness which, when added to all of the outstanding obligation indebtedness, both bonded and floating, shall exceed either (a) twenty percent (20%) of the assessed value of all taxable property within such municipality according to the last completed assessment for taxation or (b) fifteen percent (15%) of the assessment upon which taxes were levied for its fiscal year ending September 30, 1984, whichever is greater. Nothing herein contained shall be construed to apply to contract obligations in any form heretofore issued by any municipality for school purposes, or to contract obligations in any form heretofore or hereafter incurred by any municipality which are payable exclusively from the revenues of any municipality-owned utility, or to bonds issued by any municipality under the provisions of Sections

CITY OF GREENVILLE, MISSISSIPPI
COMPUTATION OF LEGAL DEBT MARGIN
For the Year Ended September 30, 2017

57-1-1 through 57-1-51, or to any special assessment improvement bonds issued by any municipality under the provisions of Sections 21-41-1 through 21-41-53.

CITY OF GREENVILLE, MISSISSIPPI

SPECIAL REPORTS

BGA BRIDGERS, GOODMAN & ALDRIDGE, PLLC

CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL LIMITED LIABILITY COMPANY

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GOVERNMENT AUDIT QUALITY CENTER
PRIVATE COMPANIES PRACTICE SECTION

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF THE FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Honorable Mayor and City Council
City of Greenville
Greenville, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Greenville, Mississippi, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 22, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Greenville, Mississippi's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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 accounts. 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*.

Purpose of this Report

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

Bridgers, Goodman & Aldridge, PLLC

Bridgers, Goodman & Aldridge, PLLC
Certified Public Accountants
Vicksburg, Mississippi

June 22, 2018

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE

Honorable Mayor and City Council
City of Greenville
Greenville, Mississippi

Report on Compliance for Each Major Federal Program

We have audited the City of Greenville, Mississippi's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Greenville, Mississippi's major federal programs for the year ended September 30, 2017. The City of Greenville, Mississippi's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of the City of Greenville, Mississippi's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Greenville, Mississippi's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the City of Greenville, Mississippi's compliance with those requirements.

Opinion on Each Major Federal Program

In our opinion, Greenville, Mississippi complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2017.

Report on Internal Control over Compliance

Management of the City of Greenville, Mississippi, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Greenville, Mississippi's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.

Bridgers, Goodman & Aldridge, PLLC

Bridgers, Goodman & Aldridge, PLLC
Certified Public Accountants
Vicksburg, Mississippi

June 22, 2018

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

Honorable Mayor and City Council
City of Greenville
Greenville, Mississippi

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Greenville, Mississippi, as of and for the fiscal year ended September 30, 2017, which collectively comprise the City of Greenville, Mississippi's basic financial statements and have issued our report thereon dated June 22, 2018. 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.

As required by the state legal compliance audit program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain state laws and regulations. However, providing an opinion on the City's compliance with these requirements 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 general purpose financial statements disclosed no instances of noncompliance with state laws and regulations. The prior year finding has been corrected.

This report is intended for the information and use of management, City Council, State Auditor's Office 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. However, this report is a matter of public record and its distribution is not limited.

Bridgers, Goodman & Aldridge, PLLC

Bridgers, Goodman & Aldridge, PLLC
Certified Public Accountants
Vicksburg, Mississippi

June 22, 2018

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LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Honorable Mayor and City Council
City of Greenville
Greenville, Mississippi

In planning and performing our audit of the financial statements of the City of Greenville, Mississippi for the year ended September 30, 2017, we considered the City of Greenville, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to the City of Greenville, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance procedures. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the City's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated June 22, 2018 on the financial statements of the City of Greenville, Mississippi.

Although no findings came to our attention as a result of these review procedures and compliance tests, these procedures and tests cannot and do not provide absolute assurance that all state legal requirements have been complied with. Also, our consideration of the internal control would not necessarily disclose all matters within the internal control that might be weaknesses. In accordance with Section 7-7-211, Miss. Code Ann. (1972), the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions for this or other fiscal years to ensure compliance with legal requirements.

This report is intended solely for the information and use of management, the City Council, and others within the entity and is not intended to be and should not be used by anyone other than these parties. However, this report is a matter of public record and its distribution is not limited.

Bridgers, Goodman & Aldridge, PLLC

Bridgers, Goodman & Aldridge, PLLC
Certified Public Accountants
Vicksburg, Mississippi

June 22, 2018

CITY OF GREENVILLE, MISSISSIPPI

SCHEDULE OF FINDINGS AND QUESTIONED COST

CITY OF GREENVILLE, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2017

Section 1: Summary of Auditor's Results

Financial Statements:

- | | | |
|----|--|---------------|
| 1. | Type of auditor's report issued on the financial statements. | Unmodified |
| 2. | Internal control over financial reporting: | |
| a. | Material weakness identified? | No |
| b. | Significant deficiency identified? | None Reported |
| 3. | Noncompliance material to the financial statements noted? | No |

Federal Awards:

- | | | |
|----|--|---------------|
| 4. | Internal control over major federal programs: | |
| a. | Material weakness identified? | No |
| b. | Significant deficiency identified? | None Reported |
| 5. | Type of auditor's report issued on compliance for major federal programs: | Unmodified |
| 6. | Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | No |
| 7. | Identification of major federal programs: | |
| a. | CFDA #20.205, Highway Planning and Construction | |
| b. | CFDA #66.458, Capitalization Grants for Clean Water State Revolving Funds | |
| 8. | The dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| 9. | Auditee qualified as a low-risk auditee? | No |

Section 2: Financial Statement Findings

The results of our tests did not disclose any findings related to the financial statements that are required to be reported by *Government Auditing Standards*.

Section 3: Federal Award Findings and Questioned Costs

The results of our tests did not disclose any findings and questioned costs related to federal awards.