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CITY OF GRENADA, MISSISSIPPI
SEPTEMBER 30, 2015
FINANCIAL STATEMENTS

City of Grenada, Mississippi
Financial Statements
For the Year Ended September 30, 2015
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INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Council
City of Grenada, 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 City of Grenada, Mississippi as of and for the year ended September 30, 2015 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Grenada, Mississippi, as of September 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5 through 11 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Grenada, Mississippi basic financial statements. The introductory section and M, D & A are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory and statistical sections 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 them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 28, 2017, on our consideration of the City of Grenada, 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 City of Grenada, Mississippi's internal control over financial reporting and compliance.

Ronnie S. Windham, CPA, PLLC
Oxford, Mississippi
July 28, 2017

**CITY OF GRENADA, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2015**

Our discussion and analysis of the City of Grenada's financial performance provides an overview of the City's financial activities for the fiscal year ended September 30, 2015. Readers should also review the basic financial statements and disclosures to enhance their understanding of the City's financial performance.

FINANCIAL HIGHLIGHTS

- The assets of the City of Grenada exceeded its liabilities at the close of the most recent fiscal year by \$27,793,662 (net position). The net position decreased by \$10,684,030 or 38.44% percent under the previous year. The primary reason for the large decrease was the adoption of a new accounting standard (GASB 68) which relates to pensions.
- The City had \$19,157,995 in total revenues. Property tax revenues account for \$4,994,220 or 26.07% percent of total revenues. Sales and tourism taxes account for \$5,879,437 or 30.69% percent of total revenues. Charges for services account for \$6,115,372 or 31.92% percent of total revenues. The remainder of revenue is from federal and state grants, franchise taxes and other sources.
- The City had \$21,348,294 in total expenses which represents an increase of \$2,076,620 or 10.78% percent increase over the prior fiscal year. Expenses in the amounts of \$6,711,294 were offset by grants and charges for services. General revenues of \$12,145,799 were not adequate to provide for the remainder of the expenses.
- Among major funds, the General Fund had \$10,968,825 in revenues and \$10,802,940 in expenditures. The General Fund's fund balance increased \$165,885 over the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Grenada, Mississippi's basic financial statements which are comprised of four components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements, and 4) required supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements, presented on pages 13 through 14 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 and liabilities, 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 of Grenada, Mississippi is improving or deteriorating.

The statement of activities presents information showing the government's net position changed 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 of Grenada, Mississippi 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, shop department, education and recreation and economic and community development.

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 of Grenada, 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: governmental funds, proprietary funds and 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 Grenada maintains 38 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, 2007 General Obligation Bond Fund, 2011 General Obligation Bond Fund, and Urban Development Action Grant Fund, all of 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 15 through 18.

The City of Grenada adopts an annual budget. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget.

Proprietary Funds. The City maintains three types of proprietary Funds as enterprise funds. 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 operations, Solid Waste, and Golf Course. The fund is financed primarily through user fees. The internal service fund accounts for the accumulation of amounts used to pay health insurance claims and life insurance premiums for City employees.

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 19 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 are much like that used for proprietary funds. Its financial statement can be found on page 24.

Notes to the financial statements. The notes, presented on pages 25 through 47, 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.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Grenada's budgetary control and pension standards on pages 48 through 64.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Grenada, assets and deferred outflows exceeded liabilities and deferred inflows by \$27,793,662.

By far the largest portion of the City of Grenada's net position, \$18,729,158 or 82.45% 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.

The following table presents a summary of the City's net position for the fiscal year ended September 30, 2015. GASB 68 was implemented in fiscal year 2015. Prior year amounts were not restated to reflect the implementation of GASB 68.

City of Grenada Net Position

	Governmental Activities		Business-type Activities		TOTAL		Increase (Decrease)	Percentage Change
	2015	2014	2015	2014	2015	2014		
Assets:								
Current and other assets	8,806,631	9,872,175	2,127,594	4,437,426	10,934,225	14,309,601	(3,375,376)	-23.59%
Capital Assets, Net	43,030,370	43,123,925	15,862,854	17,388,090	58,893,224	60,512,015	(1,618,791)	-2.68%
Total Assets	51,837,001	52,996,100	17,990,448	21,825,516	69,827,449	74,821,616	(4,994,167)	-6.67%
Deferred Outflows of Resources	1,743,506		378,036		2,121,542		2,121,542	100.00%
Liabilities:								
Current and other liabilities	1,083,023	8,046,385	1,030,779	5,259,689	2,113,802	13,306,074	(11,192,272)	-84.11%
Long-term liabilities:	-				-			
Due Within One Year	989,951	936,041	630,987	472,667	1,620,938	1,408,708	212,230	15.07%
Due in more than one year	11,364,148	11,864,502	9,124,180	9,124,180	20,488,328	20,988,682	(500,354)	-2.38%
Net Pension Liability	11,546,667		2,503,753		14,050,420		14,050,420	100.00%
Total Liabilities	24,983,789	20,846,928	13,289,699	14,856,536	38,273,488	35,703,464	2,570,024	7.20%
Deferred Inflows of Resources	5,881,841				5,881,841	-	5,881,841	100.00%
Net Position								
Invested in Capital Assets Net of Debt	31,307,016	31,152,165	6,162,868	7,285,233	37,469,884	38,437,398	(967,514)	-2.52%
Restricted:								
Debt Service	992,144	936,040	365,000	355,000	1,357,144	1,291,040	66,104	5.12%
Capital Projects	1,683,173	1,198,893	9,018	1,305	1,692,191	1,200,198	491,993	40.99%
Economic Development	1,310,402	1,685,250	-	-	1,310,402	1,685,250	(374,848)	-22.24%
Unrestricted	(12,577,858)	(2,823,176)	(1,458,101)	(1,313,018)	(14,035,959)	(4,136,194)	(9,899,765)	239.34%
Total Net Position	22,714,877	32,149,172	5,078,785	6,328,520	27,793,662	38,477,692	(10,684,030)	-27.77%

The City's total assets decreased \$2,872,628 during 2015 with business-type activities showing a decrease of \$3,457,032 and governmental activities showing an increase of \$584,407. The decrease in business-type activities is attributed to depreciation of assets.

The City's total liabilities increased \$8,451,865. The implementation of new pension standards from GASB 68 and 71 increased debt by \$14,050,420. Payments on long-term debt of \$984,797 were made from governmental funds and \$471,981 from business-type activities fund.

The City's net position decreased \$10,684,030 as a result of the above mentioned items.

The following table presents a summary of the changes in net position for the fiscal year ended September 30, 2015.

City of Grenada Changes in Net Position

	Governmental Activities:		Business-Type Activities:		Total		(Decrease)	Change
	2015	2014	2015	2014	2015	2014	Increase	Percentage
Revenues:								
Program Revenues:								
Charges for services	\$ 827,084	\$ 669,176	5,288,288	4,414,326	6,115,372	5,083,502	1,031,870	20.30%
Operating grants and contributions	128,731	107,615	0	0	128,731	107,615	21,116	19.62%
Capital Grant and contributions	467,191	156,967	0	0	467,191	156,967	310,224	197.64%
Total Program Revenues	1,423,006	933,758	5,288,288	4,414,326	6,711,294	5,348,084	1,363,210	25.49%
General Revenues:								
Property taxes	4,994,220	4,726,563			4,994,220	4,726,563	267,657	5.66%
Other taxes and licenses	5,879,437	5,286,953			5,879,437	5,286,953	592,484	11.21%
Fines and forfeitures	867,819	844,119			867,819	844,119	23,700	2.81%
Intergovernmental	402,695	317,435			402,695	317,435	85,260	26.86%
Investment and other revenues	1,628	74,377	10	65	1,638	74,442	(72,804)	-97.80%
Transfers in	0	515,328	300,892	203,268	300,892	718,596	(417,704)	-58.13%
Total General Revenues	12,145,799	11,764,775	300,902	203,333	12,446,701	11,968,108	478,593	4.00%
Total Revenues	\$ 13,568,805	\$ 12,698,533	5,589,190	4,617,659	19,157,995	17,316,192	1,841,803	10.64%
Program Expenses:								
General government	2,804,273	3,067,084			2,804,273	3,067,084	(262,811)	-8.57%
Public Property	961,066	997,951			961,066	997,951	(36,885)	-3.70%
Public Safety	7,220,824	6,353,511			7,220,824	6,353,511	867,313	13.65%
Streets	1,442,242	1,221,378			1,442,242	1,221,378	220,864	18.08%
Motor vehicle maintenance	126,916	128,828			126,916	128,828	(1,912)	-1.48%
Planning and zoning	217,376	180,218			217,376	180,218	37,158	20.62%
Recreation and senior citizens	575,449	526,738			575,449	526,738	48,711	9.25%
Health and welfare	32,642	22,580			32,642	22,580	10,062	44.56%
Airport	453,508	293,620			453,508	293,620	159,888	54.45%
Community Service	215,422	146,758			215,422	146,758	68,664	46.79%
Appropriations and non-departmental	69,966	64,700			69,966	64,700	5,266	8.14%
Interest and fiscal charges	441,869	454,744			441,869	454,744	(12,875)	-2.83%
Water and Sewer			5,046,385	4,368,113	5,046,385	4,368,113	678,272	15.53%
Solid Waste			730,407	668,611	730,407	668,611	61,796	9.24%
Golf			709,057	776,840	709,057	776,840	(67,783)	-8.73%
Transfers out	300,892	0	0	0	300,892	0	300,892	100.00%
Total Program Expenses	14,862,445	13,458,110	6,485,849	5,813,564	21,348,294	19,271,674	2,076,620	10.78%
Increase (Decrease) in Net Position	\$ (1,293,640)	\$ (759,577)	(896,659)	(1,195,905)	(2,190,299)	(1,955,482)	(234,817)	12.01%

The City's governmental activities continue to be funded by sources other than property taxes, which comprise 26% of the total revenues. The other major revenue sources were sales and tourism taxes 31%, charges for services 32%, and grants and contributions 3%. The major expense activities were public safety 49%, General Government 19%, Public Property 6%, and Streets 10%. The City remains totally committed to providing the services our 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 \$22,714,877 which is \$9,434,295 below last year's total of \$32,149,172 due to GASB 68 Pension Liability. Total revenues were up \$1,841,803 and total expenditures were up \$2,076,620.

Governmental funds meeting the requirements for being reported as major funds include the General Fund, General Obligation 2007 Bond Fund, General Obligation 2011 Bond Fund, and Urban Development Action Grant Fund. Remaining governmental funds were combined and reported as non-major governmental funds.

Business-type funds. Revenue from the Solid Waste, Golf, Water and Sewer Fund increased 20% percent to \$5,288,288 and expenses increased 11% percent to \$6,485,849.

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 2015, 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 with departments without board 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 \$200,817.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2015, the City had \$98,450,552 invested in a broad range of capital assets, including police and fire equipment, buildings, park and recreation facilities, streets, bridges, and water and sewer lines. This amount represents a net increase (including additions and deductions) of approximately \$1,341,107 or 1.38% percent over the prior year.

City of Grenada Capital Assets

	Governmental Activities:		Business-Type Activities:		Total		(Decrease)	Change
	2015	2014	2015	2014	2015	2014	Increase	Percentage
Land	\$ 5,328,260	\$ 5,328,260	424,801	424,801	\$ 5,753,061	\$ 5,753,061	\$ -	0.00%
Buildings	18,906,192	18,063,940	93,013	93,013	18,999,205	18,156,953	842,252	4.64%
Improvements other than buildings	9,476,477	9,153,123	0	0	9,476,477	9,153,123	323,354	3.53%
Machinery and equipment	8,037,340	7,915,639	2,423,103	2,423,103	10,460,443	10,338,742	121,701	1.18%
Infrastructure	10,860,029	10,806,229	0	0	10,860,029	10,806,229	53,800	0.50%
Construction in progress	0	0	0	0	-	-	-	0.00%
Water and Sewer system	0		42,155,992	42,155,992	42,155,992	42,155,992	-	0.00%
Vehicles	0		745,345	745,345	745,345	745,345	-	0.00%
Construction in progress	0	0	0	0	-	-	-	0.00%
Total Governmental Activities	\$ 52,608,298	\$51,267,191	\$45,842,254	\$45,842,254	\$98,450,552	\$97,109,445	\$1,341,107	1.38%

The City of Grenada continues to provide for the growth and stability of its citizenry through various construction and rehabilitation projects. The following highlights summarize the major project for the fiscal year of 2014-2015

- The airport taxiway project continued with expenditures of \$323,354 during the year. The project is fund under an FAA federal grant providing 90% of construction costs. An additional 5% of funding is being provided by the State of Mississippi from the Mississippi Department of Transportation matching grant.

Long-term Debt

At year-end, the City had \$21,337,330 in bonds, notes and leases outstanding compared to \$22,220,891 last year, a decrease of \$883,561. Of the total debt outstanding \$10,435,000 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 to the State of Mississippi for building in the industrial park of \$712,064, and Bonds payable for water and sewer capital improvements of \$6,010,000 and are payable by Water Revenue.

The City has assets under capital lease obligations consisting of a Fire Truck and for new electronic water meters and related hardware items.

The water meters are leased through Bancorp South Public, Inc. The initial lease term ends in 15 years. Renewal options are provided in the lease. Payments under the leases are made by the water and sewer fund. The remaining obligation under the current lease agreement at September 30, 2015 is \$3,517,965.

The following table illustrates the total Long-term Debt of the City of Grenada as of September 30, 2015::

City of Grenada Long-Term Obligations at Year End

	Governmental Activities:		Business-Type Activities:		Total		(Decrease)	Change
	2015	2014	2015	2014	2015	2014	Increase	Percentage
General obligations bond	\$ 10,435,000	\$ 11,175,000			\$ 10,435,000	\$ 11,175,000	\$ (740,000)	-6.62%
Revenue bonds	-	-	6,010,000	6,365,000	6,010,000	6,365,000	(355,000)	-5.58%
Loans and Capital Leases	1,288,354	959,934	3,603,976	3,720,957	4,892,330	4,680,891	211,439	4.52%
Compensated absences	630,744	665,609	141,189	150,951	771,933	816,560	(44,627)	-5.47%
Total Governmental Activities	12,354,098	12,800,543	9,755,165	10,236,908	\$ 22,109,263	\$ 23,037,451	\$ (928,188)	-4.03%

Not included above but reported as long-term debt in the financial statements is the accumulated employee leave time that would be paid as employees take leave or retire. Under GAAP reporting, this liability must be reported as compensated absence at year-end, due to contract language to the effect that the employee has "earned" this compensation.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's elected and appointed officials considered many factors when setting the fiscal-year 2015 budget, tax rates, and fees that will be charged for the business-type activities. The total property tax millage rate of 51.44 mills is expected for 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 108 South Main Street or P. O. Box 310, Grenada, MS 38901-0310.

BASIC FINANCIAL STATEMENTS

City of Grenada, Mississippi
Statements of Net Position
September 30, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	1,217,795	241,864	1,459,659
Receivables, net allowance for uncollectibles	5,903,520	894,272	6,797,792
Due from other governments	733,787	14,098	747,885
Due from other funds	663,798	0	663,798
Inventory	0	113,805	113,805
Resolute Forest Stock	149,315	0	149,315
Unamortized bond issuance cost	138,416	282,366	420,782
Other Assets	0	581,189	581,189
Capital assets:	0	0	0
Non-depreciable	5,328,260	424,401	5,752,661
Depreciable, net	37,702,110	15,438,453	53,140,563
Total Assets	<u>\$ 51,837,001</u>	<u>\$ 17,990,448</u>	<u>\$ 69,827,449</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows related to pensions	\$ 1,743,506	\$ 378,036	2,121,542
LIABILITIES			
Accounts payable	414,832	202,075	616,907
Accrued liabilities	306,065	56,044	362,109
Accrued Interest	0	0	0
Due to other funds	0	519,202	519,202
Due to other governments	0	121,310	121,310
Customer refundable meter deposits	0	53,630	53,630
Employer Contribution Payable	362,126	78,518	440,644
Noncurrent Liabilities:	0	0	0
Due within one year:	0	0	0
Bonds and leases payable	989,951	630,987	1,620,938
Due in more than one year:	0	0	0
Leases payable	538,583	3,337,991	3,876,574
Bonds payable	10,194,820	5,645,000	15,839,820
Compensated absences	630,745	141,189	771,934
Net Pension Liability	11,546,667	2,503,753	14,050,420
Total Liabilities	<u>\$ 24,983,789</u>	<u>\$ 13,289,699</u>	<u>\$ 38,273,488</u>
DEFERRED INFLOWS OF RESOURCES			
Property tax for future reporting period	5,881,841	\$ -	5,881,841
NET POSITION			
Invested in capital assets, net of related debt	31,307,016	6,162,868	37,469,884
Restricted for:	0	0	0
Debt service	992,144	365,000	1,357,144
Capital projects	1,683,173	9,018	1,692,191
Special Revenue	1,310,402	0	1,310,402
Unrestricted	(12,577,858)	(1,458,101)	(14,035,959)
Total Net Position	<u>\$ 22,714,877</u>	<u>\$ 5,078,785</u>	<u>\$ 27,793,662</u>

The accompanying notes are an integral part of the financial statements

City of Grenada, Mississippi
Statement of Activities
For the Year Ended September 30, 2015

Functions/Programs	Program Revenues				Net (Expenses) Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 2,804,273	\$ 325,416	\$ -	\$ -	\$ (2,478,857)	\$ -	\$ (2,478,857)
Public Property	961,066	305,844	0	119,961	\$ (535,261)	0	(535,261)
Public Safety	7,220,824	6,199	89,330	0	\$ (7,125,295)	0	(7,125,295)
Streets and sanitation	1,442,242	0	0	0	\$ (1,442,242)	0	(1,442,242)
Motor vehicle maintenance	126,916	0	0	0	\$ (126,916)	0	(126,916)
Planning and zoning	217,376	0	0	0	\$ (217,376)	0	(217,376)
Recreation and senior citizens	575,449	27,760	16,806	0	\$ (530,883)	0	(530,883)
Health and welfare	32,642	0	22,595	0	\$ (10,047)	0	(10,047)
Airport	453,508	161,865	0	347,230	\$ 55,587	0	55,587
Community Service	215,422	0	0	0	\$ (215,422)		
Appropriations	69,966	0	0	0	\$ (69,966)	0	(69,966)
Interest on long-term debt	441,869	0	0	0	\$ (441,869)	0	(441,869)
Total Governmental activities	\$ 14,561,553	\$ 827,084	\$ 128,731	\$ 467,191	\$ (13,138,547)	\$ -	\$ (12,923,125)
Business-type activities:							
Water and Sewer	5,046,385	4,135,616				(910,769)	(910,769)
Solid Waste	730,407	801,171				70,764	70,764
Dogwoods Golf	709,057	351,501				(357,556)	(357,556)
Total business-type activities	6,485,849	5,288,288	0	0	0	(1,197,561)	(1,197,561)
Total	\$ 21,047,402	\$ 6,115,372	\$ 128,731	\$ 467,191	\$ (13,138,547)	\$ (1,197,561)	\$ (14,120,686)
General revenues:							
Taxes:							
Taxes levied for general purpose					4,994,220	0	4,994,220
Sales and gas taxes					5,066,820	0	5,066,820
Occupational licenses and franchise fees					638,770	0	638,770
Fines and forfeitures					867,819	0	867,819
Homestead exemption reimbursement					163,016	0	163,016
Other intergovernmental revenues and grants					239,679	0	239,679
Investment earnings					1,628	10	1,638
Miscellaneous					73,660	0	73,660
Total general revenues					12,045,612	10	12,045,622
Transfers, net					(300,892)	300,892	0
Gain(Loss) on disposition of assets					100,187	0	100,187
Total general revenues & transfers					11,844,907	300,902	12,145,809
Change in net position					(1,293,640)	(896,659)	(2,190,299)
Net position-beginning					32,149,172	6,238,520	38,387,692
Adjustment for initial net pension liability Note					(9,066,810)	(1,966,056)	(11,032,866)
Correction of prior error Note					926,154	1,702,980	2,629,134
Net position-ending					\$ 22,714,876	\$ 5,078,785	\$ 27,793,661

The accompanying notes are an integral part of the financial statements

CITY OF GRENADA, MISSISSIPPI
BALANCE SHEET
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	General Fund	2007 GO Bond	2011 GO Bond	UDAG	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash	\$ (1,860,343)	\$ 54	\$ 593	\$ 1,821,348	\$ 1,256,143	\$ 1,217,795
Receivables:						
Property Taxes	3,705,131	0	0	0	2,176,710	\$ 5,881,841
Due from Other Funds	2,296,404	0	185,454	300,361	949,149	\$ 3,731,368
Due from Other Governments	698,161	0	0	0	35,625	\$ 733,786
Resolute Forest Stock	0	0	0	149,315	0	\$ 149,315
Other	21,679	0	0	0	0	\$ 21,679
Total Assets	<u>\$ 4,861,032</u>	<u>\$ 54</u>	<u>\$ 186,047</u>	<u>\$ 2,271,024</u>	<u>\$ 4,417,627</u>	<u>\$ 11,735,784</u>

LIABILITIES AND FUND BALANCES:

Liabilities:						
Accounts Payable	\$ 265,285	0	0	49	149,098	\$ 414,432
Accrued Liabilities	656,938	0	0	0	11,653	\$ 668,591
Due to Other Funds	1,350,879	15,383	534,705	8,882	1,157,721	\$ 3,067,570
Deferred Revenue	3,705,131	0	0	0	2,176,710	\$ 5,881,841
Total Liabilities	<u>5,978,233</u>	<u>15,383</u>	<u>534,705</u>	<u>8,931</u>	<u>3,495,182</u>	<u>\$ 10,032,434</u>

Fund Balances

Reserved for:						
Special Projects	0	(15,329)	(348,658)		0	(363,987)
Unreserved, reported in:						\$ -
General Fund	(1,117,201)		0	0	0	\$ (1,117,201)
Debt Service Funds	0	0	0	0	866,167	\$ 866,167
Special Revenue Funds	0	0	0	0	(153,196)	\$ (153,196)
Capital Projects Funds	0	0	0	2,262,093	209,474	\$ 2,471,567
Total Fund Balances	<u>(1,117,201)</u>	<u>(15,329)</u>	<u>(348,658)</u>	<u>2,262,093</u>	<u>922,445</u>	<u>\$ 1,703,351</u>
Total Liabilities & Fund Balances	<u>\$ 4,861,032</u>	<u>\$ 54</u>	<u>\$ 186,047</u>	<u>\$ 2,271,024</u>	<u>\$ 4,417,627</u>	<u>\$ 11,735,784</u>

The accompanying notes are an integral part of the financial statements

CITY OF GRENADA
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Total Fund Balance-Total Governmental Funds	\$ 1,703,351
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds	
Governmental capital assets net of accumulated depreciation	43,030,370
Other assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds	
Bonds Costs Less current year amortization	138,416
Long-term liabilities, including bonds payable are not due payable in the current period and therefore are not reported in governmental funds	(12,354,099)
Net Pension obligations are not due and payable in the current period and are not reported in the funds	\$ (11,546,667)
Deferred inflows and outflows of resources related to pensions are applicable to future periods and not reported in the funds	1,743,506
Net Position of Government Activities	<u><u>\$ 22,714,877</u></u>

The accompanying notes are an integral part of the financial statements

CITY OF GRENADA, MISSISSIPPI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	General Fund	2007 GO BOND	2011 GO BOND	UDAG	Other Governmental Funds	Total Governmental Funds
REVENUES:						
Property taxes	3,942,128	0	0	0	1,175,112	5,117,240
Franchise fees	546,076	0	0	0	0	546,076
Licenses and permits	92,694	0	0	0	0	92,694
Administrative fee	325,416	0	0	0	0	325,416
Intergovernmental	4,630,709	0	0	0	1,100,831	5,731,540
Fines and forfeits	863,339	0	0	0	0	863,339
Grand Gulf in lieu of taxes	168,443	0	0	0	0	168,443
Recreation fees	27,760	0	0	0	0	27,760
Confiscated monies	0	0	0	0	4,480	4,480
Rent	244,110	0	0	0	61,735	305,845
Interest	573	0	1	295	497	1,366
Miscellaneous	27,390	0	0	0	256,769	284,159
TOTAL REVENUES	10,868,638	0	1	295	2,599,424	13,468,358
EXPENDITURES:						0
General Government	1,259,203	0	0	0	0	1,259,203
Public property	733,994	91	0	49	54,241	788,375
Public safety	6,258,185	0	0	0	39,503	6,297,688
Streets and sanitation	1,302,332	0	0	0	0	1,302,332
Motor vehicle maintenance	113,349	0	0	0	0	113,349
Planning and zoning	163,565	0	0	0	0	163,565
Recreation and senior citizens	465,516	0	0	0	359,609	825,125
Community Services	193,334				0	193,334
Health and welfare	0	0	0	0	32,642	32,642
Airport	0	0	0	0	308,065	308,065
Appropriations and non-departmental	69,966	0	0	0	0	69,966
Unrealized decline in value	0	0	0	81,017	0	81,017
Capital Outlay	114,005	0	0	53,800	1,173,302	1,341,107
Debt service:	0	0	0	0	0	0
Principal retirement	117,862	0	0	0	866,935	984,797
Interest and other	11,629	0	0	0	430,240	441,869
TOTAL EXPENDITURES	10,802,940	91	0	134,866	3,264,537	14,202,434
Excess (deficiency) of revenues over expenditures	65,698	(91)	1	(134,571)	(665,113)	(734,076)
Other financing sources (uses):						
Sales of assets	100,187					100,187
Bond and loan proceeds	0	0	0	0	571,482	571,482
Transfers in	0	0	0	0		0
Transfers out	0	0	0	0	300,892	300,892
Total other financing sources (uses)	100,187	0	0		270,590	370,777
Net change in Fund Balances	165,885	(91)	1	(134,571)	(394,523)	(363,299)
Fund Balances-Beg of year as adjusted	(1,283,086)	(15,238)	(348,659)	2,396,664	1,316,968	2,066,649
Fund Balances - End of year	(1,117,201)	(15,329)	(348,658)	2,262,093	922,445	1,703,350

The accompanying notes are an integral part of the financial statements

CITY OF GRENADA, MISSISSIPPI
RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUNDS BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENTS OF ACTIVITIES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Net change in fund balances-total governmental funds		\$ (363,299)
Amounts reported for governmental activities in the statement are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.		
Expenditures for capital assets	1,341,107	
Less current year depreciation	<u>(1,434,664)</u>	(93,557)
Repayment of bond and loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount of bond and loan principal repayments.	984,797	984,797
Proceeds of long-term debt is another financing source in the governmental funds, but the proceeds increase long-term liabilities in the statement of net assets. This is the amount of note payable proceeds	(571,482)	(571,482)
Some expenses reported in the Statement of Activities do not require the use of current available resources and therefore are not reported as expenditures in the governmental funds		
Amortization of bonds costs		18,555
Decrease in accrual for compensated absences		33,629
Change in accrual adjustment		3,540
Some items reported in the statement of Activities relating to GASB 64 are not reported in the governmental funds.		
Recording of pension expense for the current period	(1,098,476)	
Recording of contributions made subsequent to the measurement date	(207,347)	(1,305,823)
Change in Net Assets of Governmental Activities		<u><u>\$ (1,293,640)</u></u>

The accompanying notes are an integral part of the financial statements

CITY OF GRENADA, MISSISSIPPI
STATEMENT OF NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015
Business Type Activities-Enterprise Fund

	Water and Sewer Fund	Solid Waste Fund	Golf Fund	Total
ASSETS				
Current Assets:				
Cash and Cash equivalents	\$ 14,514	\$ 220,589	\$ 6,761	\$ 241,864
Accts Rec less allowance	606,567	279,433	\$ 8,272	894,272
Due from other funds	0	5,726	0	5,726
Due from other govt	14,098	0	0	14,098
Bond Escrow	4,139	0	0	4,139
Inventory	108,805	0	5,000	113,805
Total Current Assets	748,123	505,748	20,033	\$ 1,273,904
Non-Current Assets:				
Restricted:				
Cash	\$ 9,018			\$ 9,018
Capital Assets:				
Land	424,401			424,401
Building and improvements	93,013			93,013
Water and sewer system	41,989,689			41,989,689
Equipment	1,890,997	50,458	575,953	2,517,408
Vehicles	735,535	54,416	27,791	817,742
Less accumulated depreciation	(29,624,881)	(88,374)	(266,144)	(29,979,399)
Total Fixed Assets	15,508,754	16,500	337,600	15,862,854
Non Current Assets				
Refunding Debt Reserve	567,380	0	0	567,380
Unamortized bond costs	468,182	0	0	468,182
Accumulated Amortization	(185,816)	0	0	(185,816)
Deposits	650	0	0	650
Total Non Current Assets	850,396	0	0	850,396
Total Assets:	17,116,291	522,248	357,633	17,996,172

DEFERRED OUTFLOWS OF RESOURCES

Deferred Outflows related to pensions	285,127	\$ 1,969	\$ 90,940	378,036
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CITY OF GRENADA, MISSISSIPPI
STATEMENT OF NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015
Business Type Activities-Enterprise Fund

	Water and Sewer Fund	Solid Waste Fund	Golf Fund	Total
LIABILITIES:				
Current Liabilities:				
Accounts Payable	121,517	54,413	26,145	202,075
Accrued Payroll	27,127	0	9,533	36,660
Accrued liabilities	3,580		2,701	6,281
Customer refundable meter deposits	53,630	0	0	53,630
Accrued sales taxes	12,363	0	740	13,103
Due to other government	121,310	0	0	121,310
Due to other funds	252,310	0	272,618	524,928
Employer Contribution Payable	59,221	409	18,888	78,518
Leases payable-current	210,496	0	55,491	265,987
Revenue bonds payable	365,000	0	0	365,000
Total Current Liabilities	1,226,554	54,822	386,116	1,667,492
Non-Current Liabilities:				
Leases payable after one year	3,307,469		30,520	3,337,989
Revenue Bonds Payable	5,645,000		0	5,645,000
Compensated Absences	115,082	0	26,107	141,189
Net Pension Liability	1,888,365	12,731	602,657	2,503,753
Total Non-current Liabilities	10,955,916	12,731	659,284	11,627,931
Total Liabilities	\$ 12,182,470	\$ 67,553	\$ 1,045,400	\$ 13,295,423
NET POSITION				
Invested in capital assets	5,894,778	16,500	251,589	6,162,867
Restricted:	0	0	0	0
Debt Service	365,000	0	0	365,000
Capital Projects	9,018	0	0	9,018
Unrestricted	\$ (1,049,849)	440,164	(848,416)	(1,458,101)
Total Net Position	\$ 5,218,947	\$ 456,664	\$ (596,827)	\$ 5,078,784

The accompanying notes are an integral part of the financial statements

CITY OF GRENADA, MISSISSIPPI
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015
Business-Type Activities-Enterprise Funds

	Water and Sewer Fund	Solid Waste Fund	Golf	Total
Operating revenues:				
Water Sales	\$ 2,435,911	\$ -	0	\$ 2,435,911
Sewer Sales	1,078,802	0	0	1,078,802
Garbage fees	0	801,171	0	801,171
Other charges for services	265,903	0	0	265,903
Grants	0	0	0	0
Golf fees	0	0	229,954	229,954
Sponsorships	0	0	59,547	59,547
Food and Beverage	0	0	34,164	34,164
Golf Merchandise	0	0	27,837	27,837
Total Operating revenues	3,780,616	801,171	351,502	4,933,289
Operating Expenses:				
Salaries and wages	\$ 776,494	\$ 5,364	\$ 287,121	1,068,979
Payroll taxes and retirement	180,220	410	53,280	233,910
Pension Expense	179,641	1,241	17,833	198,715
Insurance	250,855	0	62,747	313,602
Supplies, material and maintenance	406,081	215	146,271	552,567
Utilities and communications	415,779	0	37,691	453,470
Contractual services	354,265	652,919	44,261	1,051,445
General and administrative	325,416	0	0	325,416
Uncollectible accounts	70,250	70,258	0	140,508
Depreciation	1,468,951	0	55,886	1,524,837
Amortization	24,191			24,191
Total operating expenses	4,452,143	730,407	705,090	5,887,640
Income (loss) from operations	(671,527)	70,764	(353,588)	(954,351)
Non-operating revenues, expenses:				
Interest income	10		0	10
Interest expenses	(239,241)		(3,968)	(243,209)
Transfer Out	(355,000)			(355,000)
Transfer In	355,000		300,892	655,892
	(239,231)	0	296,924	57,693
Changes in net position	(910,758)	70,764	(56,664)	(896,658)
Net position-beginning as adjusted	6,129,705	385,900	(540,163)	5,975,442
Net position-ending	\$ 5,218,947	\$ 456,664	\$ (596,827)	\$ 5,078,784

· The accompanying notes are an integral part of the financial statements

CITY OF GRENADA, MISSISSIPPI
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Water	Solid Waste	Golf	Total
Cash flows from operating activities:				
Cash received from customers	\$ 3,886,884	\$ 801,171	\$ 349,754	\$ 5,037,809
Cash payments for goods and services	(1,487,830)	(653,133)	(238,452)	(2,379,415)
Cash payments for payroll, payroll taxes and retirement	(1,174,510)	(5,988)	(370,815)	(1,551,313)
Cash received-operating grant	-	-	-	-
Net cash provided by operating activities	1,224,544	142,050	(259,513)	1,107,081
Cash flows from non-capital financing activities:				
Advances from other funds	-	102,654	300,892	403,546
Net cash provided by non-capital financing activities	-	102,654	300,892	403,546
Cash flows from capital and related financing activities:				
Repay other funds	(442,446)	-	-	(442,446)
Refunding Bond	-	-	-	-
Principal payments on capital leases	-	-	-	-
Interest on capital leases	-	-	-	-
Acquisition and construction of capital assets	-	-	-	-
Principal payments on St of MS revolving loan	-	-	-	-
Interest payments on St of MS revolving loan	-	-	-	-
Retirement of revenue bonds	(471,981)	-	(52,946)	(524,927)
Interest paid on revenue bonds	(344,880)	-	(3,968)	(348,848)
Net cash provided (used) by capital and related financing activities	(1,259,307)	-	(56,914)	(1,316,221)
Cash flows from investing activities:				
Interest received on cash and cash equivalents	10	-	-	10
Net cash provided (used) by investing activities	10	-	-	10
Net increase (decrease) in cash for the year	(34,753)	244,704	(15,535)	194,416
Cash and cash equivalents, beginning of year	58,285	(24,115)	22,296	56,466
Cash and cash equivalents, end of year	23,532	220,589	6,761	250,882
	23,532	220,589	6,761	250,882

CITY OF GRENADA, MISSISSIPPI
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015

To net Cash provided by operating Activities:

Income (loss) from operations	\$ (671,527)	\$ 70,764	\$ (353,588)	\$ (954,351)
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Adjustments to reconcile operating income to net cash provided by operating activities:

Depreciation	1,468,951	-	55,886	1,524,837
Amortization	24,191			24,191

Changes in assets and liabilities:

(Increase) decrease in net accounts receivable	303,435	(43,588)	-	259,847
(Increase) decrease in due from other funds		104,770	37,543	142,313
(Increase) decrease in unbilled revenues				-
(Increase) decrease in other liabilities	135,315		(2,457)	132,858
Increase (decrease) in accounts payable	(35,583)	(1,760)	2,378	(34,965)
(Increase) decrease in due to agency funds				-
(Increase) decrease in accrued personnel services	(3,715)			(3,715)
Increase (decrease) in due to other funds	-	11,864	-	11,864
(Increase) decrease in accrual for compensated absences	3,477	-	725	4,202
(Increase) decrease in other assets	-			-
Notes Payable				-

Increase (decrease) in leases payable			-	-
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Increase (decrease) in due to other governments				-
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Net Cash provided by operating activities	\$ 1,224,544	\$ 142,050	\$ (259,513)	\$ 1,107,081
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The accompanying notes are an integral part of the financial statements

CITY OF GRENADA, MISSISSIPPI
AGENCY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Insurance	Tax	Evidence	
	Fund	Collector's	Fund	Total
		Fund	Fund	
ASSETS				
Cash	\$ 132,175	\$ 20,948	\$20,533	173,656
Due from Governmental Funds	0	3,029		3,029
Due from Other Funds	0	0	0	0
Due from others		28,777		28,777
Total Assets	<u>132,175</u>	<u>52,754</u>	<u>20,533</u>	<u>205,462</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	20,533	20,533
Due to other funds	119,060	0		119,060
Due to others	13,116	24,188		37,304
Due to Governmental Fund		28,566		28,566
Total Liabilities	<u>\$ 132,176</u>	<u>\$ 52,754</u>	<u>\$20,533</u>	<u>205,463</u>

The accompanying notes are an integral part of the financial statements

NOTES TO FINANCIAL STATEMENTS

CITY OF GRENADA, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30,2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Grenada, Mississippi (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The more significant of the government's accounting policies are described below.

A. Financial Reporting Entity

The City of Grenada is located in Grenada County, Mississippi, and operates under a Council-Manager form of government. The City provides the following services to the citizenry: general administration; police and fire protection; street repair; water, sanitary sewer, and garbage disposal; parks and library services; and Golf Course.. The primary sources of revenues are property taxes, sales taxes, 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 board. As required by generally accepted accounting principles, 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:

Elizabeth Jones Library - The City has a Joint interest with Grenada County. The City currently levies a 1.4250 mill tax to support the library. This tax levy is remitted to the library monthly as it is collected.

B. Government-wide and Fund Financial Statements

In March 2009, the Governmental Accounting Standards Board (GASB) issued Statement No. 54 – *Fund Balance Reporting and Government Fund Type Definitions*. This Statement establishes fund balance classifications based primarily on the extent to which the City is bound to honor constraints on the use of the resources reported in each governmental fund as well as establishes additional note disclosures regarding fund balance classification policies and procedures.

The City made the decision to implement this standard effective October 1, 2010.

Government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all non-fiduciary activities of the government. For the most part the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent 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 statement of activities demonstrates the degree to which direct expenses of a given function or segments are offset by program revenues.

Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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 individual Enterprise Funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column as Other Governmental Funds.

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

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally includes the reclassification or elimination of internal activity. However, internal eliminations do not include utility services provided to City departments. Reimbursements are reported as reductions to expenses. Proprietary and fiduciary fund financial statements also report using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing or related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met.

Governmental fund financial statements report uses the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The City considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred.

Major revenue sources susceptible to accrual include: sales and use taxes, tourism taxes, property taxes, franchise taxes, and intergovernmental revenues. In general, revenues are recognized when cash is received.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

The City reports deferred revenue on its financial statements. Deferred revenues arise when potential revenue does not meet both the measurable and available criteria for recognition in the current period.

When both restricted and unrestricted resources are available for use, it is the City's policy to unrestricted resources first, then unrestricted resources as needed.

The financial transactions of the City are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classifications within the financial statements.

Government Accounting Standards Board (GASB) Statement No. 34 establishes criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a single column in the fund financial statements.

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 all financial resources of the general government, except those required to be accounted for in another fund.

2007 G O Bond Fund – This fund accounts for the proceeds and expenditures of public obligation debt issued by the city. Expenditures are primarily for public works projects.

2011 G O Bond Fund – This fund accounts for the proceeds and expenditures of public obligation Debt issued by the city. Expenditures are primarily for public works projects.

UDAG Fund – Accounts for resources in the construction of Industrial Projects.

The City reports the following proprietary funds.

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

Solid Waste Fund – This fund accounts for revenues and expenses for Solid Waste Disposal for residents of the city.

Dogwoods Golf Course – This fund accounts for revenues & expenses for Golf fees for the public.

GOVERNMENTAL FUND TYPES

Special Revenue Funds – These funds are used to account for the proceeds of specific revenue sources (other than for major capital projects) that are legally restricted to expenditures for specified purposes. Special Revenue Funds account for, among others, certain federal grant programs, taxes levied with statutorily defined distributions and other resources restricted as to purpose.

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

Capital Projects Funds- These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities. Such resources are derived principally from proceeds of general obligation bond issues and federal grants.

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.

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. Cash and Cash Equivalents

Cash of all funds, including restricted cash, is pooled into common pooled accounts in order to maximize investment opportunities. Each fund whose monies are deposited in the pooled cash accounts has equity therein, and interest earned on the investment of these monies is allocated based upon relative equity at month end. The City deposits excess funds in financial institutions selected by the board. State statutes specify how these depositories are to be selected.

Cash consists of amounts on deposit in demand accounts. Cash Equivalents consist of certificates of deposit with an original maturity of three months or less. Cash and cash equivalents are valued at cost which approximates their fair value.

E. Inventories

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) basis. The costs of these governmental fund type inventories are recorded as expenditures when purchased.

F. Capital Assets, Depreciation, and Amortization

The City's property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. The City maintains infrastructure asset records consistent with all other capital assets. Proprietary capital assets are also reported in their respective financial statements. Donated assets are stated at fair value on the date donated. The City generally capitalizes assets with a cost of \$1,000 or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

The following are the estimated useful lives used for computing depreciation:

Building and improvements	10- 20 years
Equipment and fixtures	5- 10 years
Infrastructure	20- 40 years
Water and sewer plant	20- 40 years

G. Long-Term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debts to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of notes and bonds payable, and accrued compensated absences.

Long-term debt of governmental funds is not reported in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for long-term debt in the proprietary funds report the liability as it is incurred.

H. 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 or resources (expense/expenditure) until then.

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.

I. Fund Equity

Government-wide Financial Statements:

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

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

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

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

Fund Financial Statements:

In October 2010 the City of Grenada, Mississippi adopted GASB No. 54, Fund Balance Reporting and Government Fund Type Definitions.

Governmental fund equity is classified as fund balance. Fund balance is further classified as non-spendable, restricted, committed, assigned, or unassigned. Non-spendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Committed fund balance is a limitation imposed by the City Council through approval of resolutions. Assigned fund balance is a limitation imposed by a designee of the City Council. Unassigned fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories. Negative unassigned fund balance in other governmental funds represents excess expenditures incurred over the amounts restricted, committed, or assigned to those purposes. Propriety fund equity is classified the same as in the government-wide statements.

When both restricted and unrestricted fund balances are available for use, it is the City's policy to use restricted first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

J. Compensated Employee Absences

Employees can accumulate vacation days and sick days up to a maximum at which point any additional days are not lost. Employees are completely vested in vacation days up to the maximum that they can take or be paid for upon termination.

K. Revenues-Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, available means expected to be received within sixty days of year end.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied. Revenue from grants and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before they can be recognized.

L. 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 or the prior three years.

M. 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.

N. Property Taxes

Property taxes attach as an enforceable lien on property as of January 1st. Taxes levied on October 1st and are due and payable at that time. 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 millage rate for the City for the 2014 tax roll was 51.44 mills as: 38.1 mills for the general fund, 11.915 mills for the debt service fund, and 1.425 mills for library maintenance.

Note 2 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 City 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 City Council.
- D. The budget is formally revised during the year and properly amended by the 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 3 PRIOR PERIOD AJUSTMENT

Statement of Activities

<u>Explanation</u>	<u>Amount</u>
Due from not recorded in Previous Years	\$ (926,154)
Pension Adjustment (GASB 68 Implementation)	<u>\$ (9,066,810)</u>
Net prior period adjustment	<u>\$ (9,992,964)</u>

Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds

<u>Explanation</u>	<u>Amount</u>
Due from not recorded in Previous Years	\$ (1,702,980)
Pension Adjustment (GASB 68 Implementation)	<u>\$ (1,966,050)</u>
Net prior period adjustment	<u>\$ (3,669,030)</u>

NOTE 4 CASHCash

The carrying amount of the City's total deposits with financial institutions at September 30, 2015 was \$1,642,332 and the bank balance was \$2,077,552.. 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 Ann (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation.

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.

However, the Mississippi State Treasurer manages that risk on behalf of the City. 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.

NOTE 5 RECEIVABLES, UNCOLLECTIBLES, AND DEFERRED REVENUE

Enterprise Receivables

Significant receivables include amounts due from customers for utility services that are based on monthly cycle billings. These accounts receivables and related revenues are reported net of estimated uncollectible amounts.

Accounts receivable at September 30, 2015 were	\$1,942,569
Less Allowance for Uncollectible	<u>(\$1,034,198)</u>
Net Accounts Receivable	<u>\$908,371</u>

Governmental Receivables

In the government-wide financial statements, the receivables and related revenues include all amounts due 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 receivables at September 30, 2015 include the following:

<u>State of Mississippi:</u>	Sales Tax	\$ 698,161
	Tourism Tax	<u>35,625</u>
	Total Intergovernmental Receivables	<u>\$ 733,786</u>

NOTE 6 CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2015 was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities:	10/1/2014			9/30/2015
Non-depreciable assets:				
Land	\$ 5,328,260	\$ -	\$ -	5,328,260
Depreciable assets:				0
Buildings	18,063,940	842,252	0	18,906,192
Improvements	9,153,123	323,354	0	9,476,477
Machinery and equipment	7,915,639	121,701	0	8,037,340
Infrastructure	10,806,229	53,800	0	10,860,029
Construction in process	0	0	0	0
Totals at historical cost	51,267,191	1,341,107	0	52,608,298
Less accumulated depreciation for:				
Buildings	1,263,328	175,791		1,439,119
Improvements	2,501,821	445,727		2,947,548
Machinery and equipment	2,966,996	440,973		3,407,969
Infrastructure	1,411,120	372,173		1,783,293
Total accumulated depreciation	8,143,265	1,434,664		9,577,929
Governmental activities capital assets, net	\$ 43,123,926	\$ (93,557)	\$ -	\$ 43,030,369
Business-type Activities:				
Non-depreciable assets:				
Land	424,801	-		424,801
Depreciable assets:	0			0
Buildings	93,013	-		93,013
Water and sewer system	42,155,992	0		42,155,992
Machinery and equipment	2,423,103	0		2,423,103
Vehicles	745,345	0		745,345
Construction in process	-	0		0
Totals at historical cost	45,842,254	-	-	45,842,254
Less accumulated depreciation for:				
Buildings	93,013	0		93,013
Water and sewer system	25,657,715	1,334,408		26,992,123
Machinery and equipment	1,949,534	169,568		2,119,102
Vehicles	754,301	20,860		775,161
Total accumulated depreciation	28,454,563	1,524,836	-	29,979,399
Business-type activities capital assets, net	17,387,691	(1,524,836)	-	15,862,855

NOTE 6: DEPRECIATION

	<u>Governmental</u>	<u>Proprietary</u>	<u>Total</u>
General government	111,371		111,371
Public property	772,822		772,822
Public safety	250,832		250,832
Streets and sanitation	94,786		94,786
Motor vehicle maintenance	15,769		15,769
Recreation and senior citizens	43,640		43,640
Airport	145,443		145,443
Buildings		-	-
Vehicles		20,860	20,860
Machinery & Equipment		169,568	169,568
Water and Sewer		1,334,408	1,334,408
Total depreciation expense	<u>1,434,663</u>	<u>1,524,836</u>	<u>2,959,499</u>
9/30/2015	<u><u>1,434,663</u></u>	<u><u>1,524,836</u></u>	<u><u>2,959,499</u></u>

NOTE 7 LONG-TERM DEBT

The City's long-term debt is made up of general obligation bonds, industrial revenue bonds, notes payable and capital leases. General obligation bonds are direct obligations, and are backed by the full faith and credit of the City. Industrial revenue bonds are payable solely from the revenues of the underlying facilities. The City also incurs debt in the form of various notes payable which are to be repaid through daily operations.

Date Issued	Definition and purpose	Beginning Balance Oct. 1, 2014	Additions	Reductions	Ending Balance Sept. 30, 2015	Amounts Due Within One Year
GOVERNMENTAL ACTIVITIES:						
GENERAL OBLIGATION BONDS:						
12/1/2007	\$3,500,000 Public Improvement Bonds Series 2007. Principal payments due annually, varying in amounts from \$240,000 to \$480,000 beginning on December 1, 2008. Final installment due December 1, 2027. Interest payable at various rates from 3.625% to 4.5%. Paying to M&F Bank	2,760,000	0	145,000	2,615,000	150,000
11/12/2009	GO Re-funding Bonds Series 2009. Principal payments due annually, varying in amounts from 50,000 to 380,000 beginning on December 1, 2009. Final installment due December 1, 2018. Interest payable at various rates from .75% to 3.75%. Paying to Peoples Bank.	1,740,000	0	320,000	1,420,000	335,000
6/1/2011	\$7,400,000 Public Improvements Bonds, Series 2011. Principal payments due annually, varying in amounts from \$225,000 to \$550,000 beginning on June 1, 2012. Final installment due June 1, 2031. Interest payable on December 1 and June 1 at various rates from 4.4% to 3.7%. Paying to First National Bank of Clarksdale	6,675,000	0	275,000	6,400,000	275,000
	TOTAL BONDS	11,175,000	0	740,000	10,435,000	760,000

NOTE 7: LONG TERM DEBT (continued)

Date Issued	Definition and purpose	Beginning Balance Oct.1, 2014	Additions	Reductions	Ending Balance Sept. 30, 2015	Amounts Due Within One Year
NOTES PAYABLE:						
7/22/1999	State of Mississippi-Capital Improvements Revolving Loan for manufacturing building. Rent from building pays 240 monthly payments of \$3,202.01 starting September 1, 1999 including interest at	168,947	0	28,365	140,582	35,197
10/6/2014	Miss. Development Authority Cap loan for Suburban Plastics \$695,427.00 @3% for 120 payments of \$6,695.78. Suburban Plastics will pay City of Grenada 120 payments of \$6,695.78 per month to repay CAP Loan		571,482		571,482	19,924
	TOTAL NOTES	168,947	571,482	28,365	712,064	55,121
LONG TERM LIABILITIES:						
12/28/2010	Fire Truck, Rescue Pumper \$499,295, Regions Bank; 3.78% int, 10 ann. rent pmts @ 60,866.22	368,432	0	95,694	272,738	50,577
2/23/2012	A V A Y A IP Phone System - \$48,700.00 Regions Bank , 4.75% int. 60 monthly pymts at \$913.46	24,980	0	10,030	14,950	10,517
1/23/2013	2004 Int Bucket Truck \$71,000.00, Regions Bank 2.43% int. 60 monthly pymts at \$1257.87.	48,279	0	14,077	34,202	14,423
4/11/2013	Kabota Tractor, Mower, and Cutter \$93,171.52 Regions Bank 2.43% int. 48 monthly pymts at \$2,038.90.	61,180	0	23,257	37,923	23,808
5/24/2013	Two Ford F750 Dump Trucks \$157,249.00 pymts of \$3,439.56	106,494	0	39,147	67,347	40,097
12/15/2013	Police Radios financed with Motorola \$183,557.13 at 3.45% in 5 annual payments of \$40,552.70	183,357	0	34,227	149,130	35,408
	TOTAL LEASES	792,722	0	216,432	576,290	174,830
	SUBTOTAL BONDS, NOTES, LEASES	12,136,669	571,482	984,797	11,723,354	
OTHER LIABILITIES:						
	Compensated Absences	664,373	0	33,629	630,744	
Total Governmental Activities & Long-Term Liabilities		\$ 12,801,042	\$ 571,482	\$ 1,018,426	\$ 12,354,098	\$ 989,951

NOTE 7: LONG TERM DEBT (continued)

Date Issued	Definition and purpose	Beginning Balance Oct.1, 2014	Additions	Reductions	Ending Balance Sept. 30, 2015	Amounts Due Within One Year
BUSINESS TYPE ACTIVITIES:						
REVENUE BONDS (WATER & SEWER ENTERPRISE FUND):						
5/21/2013	\$7,020,000 Combined Water and Sewer System Revenue Refunding Bonds, Series 2013 2.49% net interest	6,365,000	0	355,000	6,010,000	365,000
	TOTAL BONDS PAYABLE	6,365,000	0	355,000	6,010,000	365,000
OTHER NOTES PAYABLE (WATER & SEWER ENTERPRISE FUND)						
2/6/2014	Bancorpsouth Equipment for 8,201 water meters and upgrade 2,952 light fixtures. \$3,582,000.00 for 15 years and 10 months for 57 monthly payments of \$80,992.09.	3,582,000	0	64,035	3,517,965	210,496
OTHER NOTES PAYABLE (GOLF ENTERPRISE FUND)						
11/14/2013	Golf carts financed by PNC Equipment Finance for 36 monthly payments of \$4,006.00	107,878	0	44,505	63,373	46,706
4/2/2014	Golf Course equipment financed by Wells Fargo Leasing at \$794.21 per month for 48 months	31,079	0	8,441	22,638	8,785
	Total Other Notes Payable	3,720,957	0	116,981	3,603,976	265,987
	Total Bonds and notes payables	10,085,957	0	471,981	9,613,976	630,987
	Compensated absences	150,266	0	9,077	141,189	-
	Total Business-type Activities LTD	\$ 10,236,223	\$ -	\$ 481,058	\$ 9,755,165	\$ 630,987

OPERATING LEASES :

At September 30,2015, the City Proprietary fund was obligated to:

8/11/2014	Yamaha Motor Corporation-60 payments of \$2,626.49 at 4.6% for 50 golf carts	9/30/2016	31,517.88
		9/30/2017	31,517.88
		9/30/2018	31,517.88
		9/30/2019	23,638.41
		TOTAL	118,192.05

NOTE 7: LONG TERM DEBT (continued)**ANNUAL DEBT SERVICE**

<i>Year Ended September 30</i>	Governmental Activities		Business-Type Activities		Total
	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>	
2016	936,041	411,388	630,987	260,449	2,238,865
2017	1,043,805	384,166	612,651	244,439	2,285,061
2018	1,017,644	346,093	584,502	229,400	2,177,639
2019	1,069,338	309,282	597,300	214,737	2,190,657
2020	628,245	267,796	605,059	169,678	1,670,778
2021 - 2025	3,398,935	1,001,076	3,291,061	755,856	8,446,928
2026 - 2030	3,197,969	412,542	3,292,416	268,109	7,171,036
2031 - 2034	431,388	20,350	0	0	451,738
Total	\$11,723,365	\$3,152,693	\$ 9,613,976	\$2,142,668	\$ 26,632,702

NOTE 8 INTERFUND TRANSACTIONS

During the course of normal operations, the City has numerous transactions between funds including expenditures and transfers of resources. Transfers and payments within the reporting entity are substantially for the purpose of subsidizing operating functions, funding capital projects and asset acquisitions, or maintaining debt service on a routine basis. Resources are accumulated in a fund or component unit to support and simplify the administration of various projects or programs. The governmental and business-type funds financial statements reflect such transactions as transfers.

Balances at September 30, 2015 were as follows:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Dogwoods Golf	Special Tourism	\$300,892

Individual fund inter-fund advance balances at September 30, 2015 arising from these transactions were as follows:

<u>Receivable Funds</u>	<u>Payable Funds</u>	<u>Amount</u>
Governmental	Proprietary	\$519,202
Governmental	Fiduciary	<u>\$144,596</u>
Total		<u>\$663,798</u>

Advances represent amounts due to another fund not expected to be repaid within one year.

NOTE 9 DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan Description. The City of Grenada contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit public employee retirement system. 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 Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Public Employee's 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 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's 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 of creditable service for employees who became members of PERS before July 1, 2011) plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. Benefits vest upon completion of eight years of membership service (four years of membership service for those who become 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. A 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. PERS members are required to contribute 9.00% of their annual covered salary that City of Grenada is required to contribute at an actuarially determined rate. The current rate is 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 to PERS for the fiscal years ending September 30, 2015, 2014 and 2013 were \$885,740, \$909,053, and \$839,612, respectively, which equaled the required contribution for each year.

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

At September 30, 2015, the City reported a liability of \$14,050,420 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, 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. At June 30, 2015 the City's proportion was .0909% percent.

For the fiscal year ended September 30, 2015, the City recognized pension expense of \$1,336,654. At September 30, 2015 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	\$ 326,429	
Changes in assumptions	1,210,395	
Net difference between projected and actual earnings on plan investments	377,372	
Contributions subsequent to the measurement date	207,347	
Total	<u>\$ 2,121,543</u>	

Contributions subsequent to the measurement date of \$207,347 will be recognized as a reduction to the net pension liability in the year ended September 30, 2016. 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 ended September 30:	
2016	\$ 621,348
2017	621,348
2018	496,351
2019	<u>175,149</u>
Total	1,914,196

Actuarial assumptions. The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00 percent
Salary increases	3.75 – 19.00 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 Health Annuitant Blue Collar Table projected with Scale BB to 2016 with males rates set forward one year.

The actuarial assumptions used in the June 30, 2015 valuation was based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2014. The experience report is dated May 4, 2015.

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
U.S. Broad	34.00%	5.20%
International Equity	19.00%	5.00%
Emerging Markets Equity	8.00%	5.45%
Fixed Income	20.00%	0.25%
Real Assets	10.00%	4.00%
Private Equity	8.00%	6.15%
Cash	1.00%	-0.50%
Total	100.00%	

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 of the City's proportionate share of the net pension liability to changes in the discount rate

- The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 8 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 (7% percent) or 1% - percentage point higher (9 percent) than the current rate:

	1% Decrease (7.00%)	Current Discount rates (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability	18,518,454	14,050,420	10,327,059

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

NOTE 10 COMMITMENTS AND CONTINGENCIES

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City, after consultation with counsel, that the resolution of the matters will not have a material adverse effect on the financial condition of the government.

In the normal course of operations, the City receives grant funds from various federal and state awarding agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting funds. Any liability of reimbursement which may arise as the result of these audits is not believed to be material.

NOTE 11 RISK MANAGEMENT

The City of Grenada is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries commercial insurance for these risks. Settled claims resulting from these insured risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The City established an internal service fund, the health insurance trust fund, to account for and finance employee medical benefit claims. The plan is funded by transfers from the general fund to cover claims, administrative fees, reinsurance premiums and group life insurance premiums. Administrative fees and reinsurance premiums are billed to the City once a month by the plan administrator. Weekly claim amounts are billed to the City based upon the claims processed by the administrator. The City has purchased a reinsurance policy which pays claims in excess of \$60,000 for an individual participant.

NOTE 12 SUBSEQUENT EVENTS

Subsequent events have been evaluated through July 28, 2017, which is the date that the financial statements were issued. On 6/3/2016 the City entered into a lease agreement for \$131,928 for 4 (four) trucks for the Water Department.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF GRENADA, MISSISSIPPI
BUDGET COMPARISON SCHEDULE - CASH BUDGETARY BASIS-UNAUDITED
YEAR ENDED SEPTEMBER 30, 2015

		<u>Budgeted Amounts</u>			Variance with
		Original	Final	Actual Amount	Final Budget Positive (Negative)
GENERAL FUND					
GENERAL FUND REV					
	TAXES	3,668,540	3,668,540	3,715,064	\$46,526
	TAXES - PRIOR YEARS	10,000	10,000	4,263	(\$5,737)
	LICENSE AND PERMITS	1,131,000	1,131,000	980,520	(\$150,479)
	STATE REVENUE	4,496,685	4,496,685	4,731,603	\$234,919
	ROAD TAX	180,000	180,000	193,353	\$13,353
	FINES AND FORFEITS	873,058	873,058	885,677	\$12,619
	ACCIDENT & OFFENSE REPORT	8,500	8,500	6,806	(\$1,694)
	MISCELLANEOUS REVENUE	439,947	439,947	452,924	\$12,978
	MISC REV	0	0	0	\$0
	GENERAL FUND REV Total	10,807,730	10,807,730	10,970,212	\$162,485
G & A					
	PERSONNEL SERVICES	(1,034,147)	(1,010,515)	(1,010,515)	\$0
	CONSUMABLE SUPPLIES	(25,075)	(21,906)	(21,906)	\$0
	CONTRACTUAL/OTHER SERVICE	(208,188)	(226,452)	(268,038)	(\$41,586)
	CAPITAL OUTLAY	(4,750)	(4,241)	(4,241)	\$0
	G & A Total	(1,272,160)	(1,263,114)	(1,304,700)	(\$41,586)
P & Z					
	PERSONNEL SERVICES	(167,767)	(170,827)	(170,827)	\$0
	CONSUMABLE SUPPLIES	(6,546)	(5,248)	(5,248)	\$0
	CONTRACTUAL/OTHER SERVICE	(13,115)	(11,128)	(11,128)	\$0
	CAPITAL OUTLAY	(2,000)	(546)	(546)	\$0
	P & Z Total	(189,428)	(187,749)	(187,749)	\$0
APPROPRIATIONS					
	CONTRACTUAL/OTHER SERVICE	(119,300)	(119,300)	(69,966)	\$49,334
	APPROPRIATIONS Total	(119,300)	(119,300)	(69,966)	\$49,334
POLICE					
	PERSONNEL SERVICES	(2,307,522)	(2,337,403)	(2,337,406)	(\$3)
	CONSUMABLE SUPPLIES	(176,596)	(238,222)	(238,222)	\$0
	CONTRACTUAL/OTHER SERVICE	(539,561)	(653,858)	(653,858)	\$0
	CAPITAL OUTLAY	(79,423)	(142,059)	(142,059)	\$0
	POLICE Total	(3,103,102)	(3,371,543)	(3,371,546)	(\$3)
DOMESTIC VIOLENCE					
	PERSONEL SERVICES	0	0	0	\$0
	CONTRACTUAL/OTHER SERVICE	0	0	0	\$0
	DOMESTIC VIOLENCE Total	0	0	0	\$0
COURT					
	PERSONNEL SERVICES	(329,449)	(292,953)	(292,953)	\$0
	CONSUMABLE SUPPLIES	(5,283)	(6,472)	(6,472)	\$0
	CONTRACTUAL/OTHER SERVICE	(359,720)	(408,318)	(408,318)	\$0
	COURT EXPENSES	0	(1,000)	(1,000)	\$0
	CAPITAL OUTLAY	(11,500)	(809)	(809)	\$0
	COURT Total	(705,952)	(709,553)	(709,553)	\$0

CITY OF GRENADA, MISSISSIPPI
BUDGET COMPARISON SCHEDULE - CASH BUDGETARY BASIS-UNAUDITED
YEAR ENDED SEPTEMBER 30, 2015

		<u>Budgeted Amounts</u>			Variance with
		Original	Final	Actual Amount	Final Budget Positive (Negative)
FIRE					
	PERSONNEL SERVICES	(2,239,711)	(2,194,895)	(2,194,895)	\$0
	CONSUMABLE SUPPLIES	(52,636)	(41,347)	(41,347)	\$0
	CONTRACTUAL/OTHER SERVICE	(113,545)	(115,011)	(115,011)	\$0
	CAPITAL OUTLAY	(18,950)	(28,645)	(28,645)	\$0
FIRE Total		(2,424,842)	(2,379,898)	(2,379,898)	\$0
STREET					
	PERSONNEL SERVICES	(463,324)	(439,062)	(439,061)	\$0
	CONSUMABLE SUPPLIES	(133,340)	(98,416)	(98,416)	\$0
	CONTRACTUAL/OTHER SERVICE	(718,568)	(796,653)	(796,653)	\$0
	CAPITAL OUTLAY	(135,986)	(113,718)	(113,718)	\$0
STREET Total		(1,451,218)	(1,447,849)	(1,447,848)	\$0
PARKS & REC					
	PERSONNEL SERVICES	(275,898)	(280,325)	(280,325)	\$0
	CONSUMABLE SUPPLIES	(102,840)	(139,113)	(138,839)	\$274
	CONTRACTUAL/OTHER SERVICE	(41,119)	(44,152)	(44,152)	\$0
	CAPITAL OUTLAY	(43,500)	(4,654)	(4,654)	\$0
PARKS & REC Total		(463,357)	(468,244)	(467,970)	\$274
COMMUNITY SERVICES					
	PERSONNEL SERVICES	(108,374)	(139,834)	(139,834)	\$0
	CONSUMABLE SUPPLIES	(5,185)	(7,187)	(7,294)	(\$107)
	CONTRACTUAL/OTHER SERVICE	(40,948)	(40,386)	(40,782)	(\$396)
	CAPITAL OUTLAY	(6,888)	(3,271)	(3,271)	\$0
COMMUNITY SERVICES Total		(161,395)	(190,679)	(191,181)	(\$503)
PUBLIC PROPERTY					
	PERSONNEL SERVICES	(387,477)	(374,133)	(374,133)	\$0
	CONSUMABLE SUPPLIES	(48,586)	(55,149)	(55,149)	\$0
	CONTRACTUAL/OTHER SERVICE	(240,384)	(263,078)	(263,078)	\$0
	CAPITAL OUTLAY	(82,170)	(58,812)	(58,812)	\$0
PUBLIC PROPERTY Total		(758,617)	(751,172)	(751,172)	\$0
MVM					
	PERSONNEL SERVICES	(111,202)	(107,905)	(107,905)	\$0
	CONSUMABLE SUPPLIES	(6,567)	(13,681)	(6,932)	\$6,749
	CONTRACTUAL/OTHER SERVICE	(15,041)	(11,779)	(11,779)	\$0
	CAPITAL OUTLAY	(25,549)	(348)	(348)	\$0
MVM Total		(158,359)	(133,713)	(126,964)	\$6,749
TRANSFER ACCOUNT					
	CONTRACTUAL/OTHER SERVICE	0	0	0	\$0
TRANSFER ACCOUNT Total		0	0	0	\$0
GENERAL FUND Total		0	(215,083)	(38,335)	\$176,750

CITY OF GRENADA, MISSISSIPPI
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2015

A.BUDGETARY INFORMATION

Budgetary 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, the City Council of the City, using historical and anticipated fiscal data and proposed budgets submitted by the department managers for their departments, 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 the 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 not encumbrances to budget because state statutes do 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 each major special revenue fund.

For the year ended September 30, 2009 the City implemented GASB Statement No. 41 – *Budgetary Comparison Schedules – Perspective Differences*, which amends Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. The statement clarifies the budgetary presentation requirements. The Budgetary Comparison Schedule–Budget to Actual (Non-GAAP) is part of the 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).

	General Fund
Budget (Cash Basis)	38,335
Increase (Decrease)	
Net Adjustments for Revenue Accruals	(1,387)
Net Adjustments for Expenditure Accruals	<u>(1,278,131)</u>
GAAP Basis	<u><u>\$(1,315,079)</u></u>

**CITY OF GRENADA, MISSISSIPPI
SCHEDULE OF LONG-TERM DEBT
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

		Transactions during year			
Date Issued	Description	Balance Outstanding Oct. 1, 2014	Issued	Redeemed	Balance Outstanding Sept. 30, 2015
General Obligations Bonds:					
12/1/2007	GO Public Improvement	2,760,000	0	145,000	2,615,000
11/12/2009	GO Public Improvement	1,740,000	0	320,000	1,420,000
6/1/2011	GO Public Improvement	6,675,000	0	275,000	6,400,000
Total General Obligation Bonds		11,175,000	0	740,000	10,435,000
Notes Payable:					
7/22/1999	ST MS Capital Improvement loan	168,947	0	28,365	140,582
10/6/2014	MDA Cap Loan Suburban	0	571,482	0	571,482
Total Notes Payable		168,947	571,482	28,365	712,064
Long Term Leases:					
12/28/2010	Fire Truck Rescue Pumper	368,432	0	95,694	272,738
2/23/2012	AVAYA IP Phone System	24,980	0	10,030	14,950
1/23/2013	Int Bucket Truck	48,279	0	14,077	34,202
4/11/2013	Kabota Tractor, Mower, and Cutter	61,180	0	23,257	37,923
5/24/2013	Two Ford Dump Trucks	106,494	0	39,147	67,347
12/15/2013	Police Radios at Motorola	183,357	0	34,227	149,130
Total Long Term Leases		792,722	0	216,432	576,290
Total Governmental Activities Long Term Liabilities		12,136,669	571,482	984,797	11,723,354
PROPRIETARY FUNDS LONG TERM DEBT:					
Special Obligation Bonds:					
5/21/2013	Refunding Combined Water & Sewer	6,365,000	0	355,000	6,010,000
Total Special Obligations Bonds		6,365,000	0	355,000	6,010,000
LONG TERM LEASES:					
2/6/2016	Bancorpsouth Water Meters and Lighting	3,582,000	0	64,035	3,517,965
Total Water Fund Long Term Debt		3,582,000	0	64,035	3,517,965
GOLF LEASES					
11/14/2013	Golf Carts financed by PNC	107,878	0	44,505	63,373
4/2/2014	Golf Equipment financed by Wells Fargo	31,079	0	8,441	22,638
Total Golf Leases		138,957	0	52,946	86,011
Total Proprietary Debt		\$ 10,085,957	\$ -	\$ 471,981	\$ 9,613,976
Total Long Term Debt		22,222,626	571,482	1,456,778	21,337,330

CITY OF GRENADA, MISSISSIPPI
SCHEDULE OF SURETY BONDS FOR MUNICIPAL OFFICIALS
September 30, 2015

Name	Position	Company	Bond
Billy Collins	Mayor	Brierfield	\$100,000
Fredreick Wilson	City Councilman	Brierfield.	\$100,000
Ernest Hargrove	City Councilman	Brierfield.	\$100,000
Larry Woods Vance	City Councilman	Brierfield	\$100,000
Warren B. Cox Sr.	City Councilman	Brierfield	\$100,000
Timothy Chism	City Councilman	Brierfield	\$100,000
Ronald J. Merriman	City Councilman	Brierfield	\$100,000
Lewis Johnson	City Councilman	Brierfield	\$100,000
Carl Bevell	Finance Director	Surety Bonds	\$50,000
Donna Harper	Finance Director	RLI Insurance	\$50,000
Lois B Freelon	City Clerk	Surety Bonds	\$50,000
Elva Nichols	Deputy City Clerk	Surety Bonds	\$50,000
Carole Edwards	Deputy City Clerk	Surety Bonds	\$50,000
Allie Harges	Deputy City Clerk	Surety Bonds	\$50,000
Jeketta Conley	Court Clerk	RLI Insurance	\$50,000
Marilyn Mckinley	Senior Deputy Court Clerk	RLI Insurance	\$50,000
Debra Bowers	Deputy Court Clerk	RLI Insurance	\$50,000
MyKisha House	Deputy Court Clerk	RLI Insurance	\$50,000
Michelle Robinson	Deputy Court Clerk	RLI Insurance	\$50,000
Cynthia Wiggins	Water Dept Clerk	Surety Bonds	\$50,000
Sue Ann Vest	Water Dept Clerk	Surety Bonds	\$50,000
Rochelle Steen-Purnell	Director- Public Property	Surety Bonds	\$50,000
Martha Sanders	Executive Secretart	Surety Bonds	\$50,000
Lesa Mixon	Customer Service Supervisor	Surety Bonds	\$50,000
Laverne Anderson	Personal Manager	Surety Bonds	\$50,000
Charles Weathers	City Manager	Surety Bonds	\$50,000
Kimberly Bell	Planning & Zoning Clerk	Surety Bonds	\$50,000
Emma Bridges	Purchasing Clerk	Surety Bonds	\$50,000
Dianne Horton	Secretary- Parks & Recreation	Surety Bonds	\$50,000
Jeff Sanford	Golf Course Director	Surety Bonds	\$50,000
Ben Williams	Police Chief	RLI Insurance	\$50,000
Cassandra Liddell	Director - Community Service	RLI Insurance	\$50,000



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

Honorable Mayor and City Council
City of Grenada, 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 City of Grenada, Mississippi, as of and for the year ended September 30, 2015, which collectively comprise the City of Grenada, Mississippi's basic financial statements and have issued our report thereon dated July 28, 2017. We have conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, 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 compliance with state laws and regulations was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of those procedures and our audit of the financial statements disclosed material instances of noncompliance with state laws and regulations and which are described in the accompanying schedule of findings and responses as items 2015-5.

The Office of the State Auditor or a public accounting firm will review, on a subsequent year's audit engagement, the findings in this report to ensure that corrective action has been taken.

This report is intended solely for the information and use of management, City Council, others within the entity, State of Mississippi Department of audit, 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.

RONNIE S. WINDHAM, CPA, PLLC
Oxford, Mississippi
July 28, 2017



RONNIE S. WINDHAM, CPA, PLLC

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

To the City Council
City of Grenada, 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 City of Grenada, Mississippi, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise City of Grenada, Mississippi's basic financial statements, and have issued our report thereon dated July 28, 2017

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. 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 City of Grenada, Mississippi's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

RONNIE S. WINDHAM, CPA, PLLC
Oxford, Mississippi

July 28, 2017

**CITY OF GRENADA, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2015**

Significant Deficiency- Material Weakness

Finding No. 2015-1

Statement of Condition

The City does not calculate depreciation expense.

Cause of Condition

The City has not implemented policies and procedures to ensure accurate tracking of capital assets purchased or acquired to ensure that these assets are properly added to the capital asset system to track assets and to calculate depreciation.

Effect of Condition

The external auditors must compute depreciation expense.

Criteria

Part of effective internal controls over financial reporting is the ability to properly produce financial statements in accordance with generally accepted accounting principles. Management is responsible for ensuring that all items are reported correctly on the City's financial statements.

Auditor's Recommendation

Management should prepare depreciation expense schedules for all funds.

Significant Deficiency- Material Weakness

Finding No. 2015-2

Statement of Condition

The City's financial accounting records required many adjusting entries.

Criteria

Numerous errors in account balances and transaction postings in the City's general ledger were found.

Cause of Condition

During our audit of the City's financial statements, we noted monthly review procedures were not being performed every month. This created a breakdown in internal controls over the general ledger and financial statements.

Effect of Condition

Because of the inadequate financial accounting records, City management did not have accurate financial information available to use in making proper financial decisions and errors in the financial records went undetected. This also resulted in the delay of the timely completion of the City's annual audit.

Criteria

Numerous errors in account balances and transaction postings in the City's general ledger were found.

Auditor's Recommendation

The City should perform monthly review procedures every month to ensure the reconciliation of intra fund accounts, correction of miscoded items and reconciliation of subsidiary ledgers to the general ledger.

**CITY OF GRENADA, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2015**

Significant Deficiency- Material Weakness

Finding No. 2015-3

Statement of Condition

The City uses one bank account for several funds. There are large cash balances in some funds; however, other funds have large cash overdrafts. Therefore money from one fund is being used to pay the expenditures of another fund.

Cause of Condition

By attempting to account for the cash balances in several funds through the use of only one bank account, money is being comingled and is extremely hard to track.

Effect of Condition

A control deficiency exists due to a lack of controls and procedures to assure that expenditures are paid from correct fund and to ensure that overdrafts do not occur.

Criteria

Safeguarding of assets is the responsibility of the City of Grenada.

Auditor's Recommendation

To simplify the accounting for cash in the various funds, the City should use separate bank accounts.

Significant Deficiency

Finding No 2015-4

Statement of Condition

Several funds had Deficit Fund Balances.

Criteria

Assuring that no fund has a deficit fund balance is the responsibility of the City of Grenada.

Cause of Condition

By failing to closely monitor revenues and expenditures, these funds had deficit fund balances.

Effect of Condition

A control deficiency exists due to a lack of controls and procedures to assure that funds do not have a deficit fund balance.

Criteria

Assuring that no fund has a deficit fund balance is the responsibility of the City of Grenada.

Auditor's Recommendation

The City should take care to closely monitor revenues and expenditures to avoid deficit fund balances.

**CITY OF GRENADA, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2015**

Compliance and Other Matters

Finding No 2015-5

Statement of Condition

The City did not conduct inventory observations of fixed assets needed to maintain accountability of assets and prepare a complete listing of assets.

Cause of Condition

The City's listing did not include all assets owned by the City.

Effect of Condition

Additional assets were identified and added to the listing, however, it appears that additional assets may still exist that should be added as of September 30, 2015.

Criteria

The City is required, by state statutes, to maintain adequate subsidiary records substantiating the existence, completeness and valuation of fixed assets.

Auditor's Recommendation

The City should conduct year-end inventory observations of its fixed assets needed to maintain accountability of assets.

Significant Deficiency- Material Weakness

Finding 2015-6

Statement of Condition

The City Clerk and department heads are charged with the responsibility of providing accounting records and reports that are accurate, reliable, complete, and timely. The financial reports are often incorrect due to the fact that the accounts have not been reconciled and reviewed for errors.

Cause of Condition

The personnel are not reconciling and reviewing accounts and reports.

Effect of Condition

Account balances and reports are incorrect.

Criteria

Proper internal controls require that a system be in place to produce accurate records and be reviewed in a timely fashion to catch errors.

Auditors Recommendation

The City Clerk and department heads should develop checklists and receive training on reconciling accounts and reviewing for errors.

**CITY OF GRENADA, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2015**

Significant Deficiency- Material Weakness

Finding 2015-7

Statement of Condition

Several transfers from one fund or account did not show up correctly in the receiving fund or account.

Cause of Condition

The posting of transfers out were not handled correctly in the receiving account.

Effect of Condition

The transfers are difficult to reconcile, may show up incorrectly as revenue, and could conceal fraud.

Criteria

Effective internal controls would find and correct situation when books are reviewed in a timely manner.

Auditors Recommendation

Clerks should be trained to handle transfers properly and management should review the books for errors.

**CITY OF GRENADA, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2015**

Significant Deficiency

Finding 2015-8

Statement of Condition

Payroll deductions for insurance are not reconciled to correct amount due to insurance company on employee's behalf. On one sample, the City was short \$13,115 annually.

Cause of Condition

The insurance billing is not reconciled to payroll deductions before payment

Effect of Condition

The City pays out more money than is deducted from the employee's check.

Criteria

Effective internal controls require that the City not overpay the insurance deductions.

Auditors Recommendation

The City should examine the insurance bill and check the payroll deduction amount to be sure that the City does not overpay.

**CITY OF GRENADA, MISSISSIPPI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

2014-1 FINDING NO. 1

Current Status: Not corrected, repeated as finding 2015-1

2014-2 FINDING NO. 2

Current Status: Not corrected, repeated as finding 2015-2

2014-3 FINDING NO. 3

Current Status: Not corrected, repeated as finding 2015-3

2014-4 FINDING NO. 4

Current Status: Not corrected, repeated as finding 2015-4

2014-5 FINDING NO. 5

Current Status: Not Corrected, repeated as finding 2015-5

2014-6 FINDING NO. 6

Current Status: Not Corrected, repeated as finding 2015-6

Current Status: Corrected

2014-7 FINDING NO. 7

Current Status: Not Corrected, repeated as finding 2015-7

2014-8 FINDING NO. 8

Current Status: Not Corrected, repeated as finding 2015-8



**CITY OF GRENADA, MISSISSIPPI
CORRECTIVE ACTION PLAN**

The City of Grenada, Mississippi submits this corrective action plan for the findings included in the schedule of Findings and Questioned Costs for the year ended September 30, 2015.

Findings Relating to the Financial Statements Audit

Finding No. 2015-1

Auditor's Recommendation

Management should prepare depreciation expense schedules for all funds.

ACTION TAKEN

The City will prepare depreciation schedules for all funds.

Finding No. 2015-2

Auditor's Recommendation

The City should perform monthly review procedures every month to ensure the reconciliation of intra fund accounts, correction of miscoded items and reconciliation of subsidiary ledgers to the general ledger.

ACTION TAKEN

The City will perform monthly review procedures every month to ensure the reconciliation of intra fund accounts, correction of miscoded items and reconciliation of subsidiary ledgers to the general ledger.

Finding No. 2015-3

Auditor's Recommendation

To simplify the accounting for cash in the various funds, the City should use separate bank accounts.

ACTION TAKEN

The City cannot use separate bank accounts at this time.

Finding No. 2015-4

Auditor's Recommendation

The City should take care to closely monitor revenues and expenditures to avoid deficit fund balances.

ACTION TAKEN

The City will more closely monitor revenues and expenditures to avoid deficit fund balances.

Finding No. 2015-5

Auditor's Recommendation

The City should conduct year-end inventory observations of its fixed assets needed to maintain accountability of assets.

ACTION TAKEN

The City will conduct year-end inventory observations of its fixed assets needed to maintain accountability of assets.

Finding No. 2015-6

Auditor's Recommendation

The City Clerk and department heads should develop checklists and receive training on reconciling accounts and reviewing for errors.

ACTION TAKEN

The City Clerk and department heads will develop checklists and receive training on reconciling accounts and reviewing for errors.

Finding No. 2015-7

Auditor's Recommendation

Clerks should be trained to handle transfers properly and management should review the books for errors.

ACTION TAKEN

Clerks will be trained to handle transfers properly and management will review the books for errors.

Finding No. 2015-8

Auditor's Recommendation

The City should examine the insurance bill and check the payroll deduction amount to be sure that the City does not overpay.

ACTION TAKEN

The City will examine the insurance bill and check the payroll deduction amount to be sure that the City does not overpay.