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**GRENADA COUNTY**  
**AUDITED FINANCIAL STATEMENTS**  
**AND**  
**SPECIAL REPORTS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

GRENADA COUNTY

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GRENADA COUNTY

FINANCIAL SECTION

# Windham and Lacey, PLLC

## *Certified Public Accountants*

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### INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors  
Grenada County, Mississippi

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Grenada County, Mississippi, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the basic financial statements of the county's primary government 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. These financial statements are the responsibility of the county's management.

#### **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 county'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 county'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.

## **Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units**

The financial statements do not include financial data for the county's legally separate component unit. Accounting principles generally accepted in the United States of America require the financial data for this component unit to be reported with the financial data of the county's primary government unless the county also issues financial statements for the financial reporting entity that include the financial data for its component unit. The county has not issued such reporting entity financial statements. The amount by which this departure would affect the assets, liabilities, net position, revenues and expenses of the aggregate discretely presented component unit is not reasonably determinable.

## **Adverse Opinion**

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units" paragraph, the financial statements referred to above do not present fairly, the financial position of the aggregate discretely presented component unit of Grenada County, Mississippi, as of September 30, 2016, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Unmodified Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Grenada County, Mississippi, as of September 30, 2016, and the respective changes in financial position 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 the Budgetary Comparison Schedules, the County's Proportionate Share of Net Pension Liability, the County's Contribution and corresponding notes be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Omission of Required Supplementary Information*

Grenada County, Mississippi, has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America required to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

### *Supplemental and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Grenada County, Mississippi's basic financial statements. The accompanying Reconciliation of Operating Costs of Solid Waste is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The Reconciliation of Operating Costs of Solid Waste has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Reconciliation of Operating Costs of Solid Waste is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Schedule of Surety Bonds for County Officials has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 13, 2017, on our consideration of Grenada County, 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 Grenada County, Mississippi's internal control over financial reporting and compliance.



Windham and Lacey, PLLC  
September 13, 2017



GRENADA COUNTY

FINANCIAL STATEMENTS

GRENADA COUNTY  
Statement of Net Position  
September 30, 2016

Exhibit 1

	Primary Governmental Activities
<b>ASSETS</b>	
Cash	\$ 11,449,248
Property tax receivable	8,284,765
Accounts receivable (net of allowance for uncollectibles of \$257,830)	76,483
Fines receivable (net of allowance for uncollectibles of \$555,391)	117,583
Intergovernmental receivables	298,747
Other receivables	36,330
Capital assets:	
Land and construction in progress	1,271,499
Capital assets, net	39,531,362
Total Assets	\$ 61,066,017
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred amount related to pensions	\$ 1,882,947
Total Deferred Outflows of Resources	\$ 1,882,947
<b>LIABILITIES</b>	
Claims payable	\$ 293,710
Amounts held in custody for others	143,098
Intergovernmental payables	287,336
Accrued interest payable	7,328
Unearned revenue	9,188
Long-term liabilities	
Due within one year:	
Capital debt	240,706
Non-capital debt	120,000
Due in more than one year:	
Capital debt	510,480
Non-capital debt	2,462,327
Net pension liability	10,620,683
Total Liabilities	\$ 14,694,856
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Property tax for future reporting period	\$ 8,284,765
Total Deferred Inflows of Resources	\$ 8,284,765
<b>NET POSITION</b>	
Net investment in capital assets	\$ 40,051,675
Restricted:	
Expendable:	
General government	309,320
Debt service	249,069
Public safety	213,165
Public works	1,423,436
Economic development	5,460,906
Unrestricted	(7,738,228)
Total Net Position	\$ 39,969,343

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

GRENADA COUNTY  
Statement of Activities  
For the Year Ended September 30, 2016

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government
					Governmental Activities
Primary Government:					
Governmental Activities:					
General government	\$ 3,780,202	473,362	5,227	214,953	(3,086,660)
Public safety	3,977,250	532,584	93,523	1,500	(3,349,643)
Public works	5,720,733	666,929	947,368	324,847	(3,781,589)
Health and welfare	178,730		71,091		(107,639)
Culture and recreation	128,000		8,258		(119,742)
Conservation of natural resources	76,430				(76,430)
Economic development and assistance	2,667,781		73,935		(2,593,846)
Interest on long-term debt	129,763				(129,763)
Pension expense	1,370,439				(1,370,439)
Total Governmental Activities	\$ 18,029,328	1,672,875	1,199,402	541,300	(14,615,751)
General Revenues:					
Property taxes					\$ 8,814,943
Road & bridge privilege taxes					267,486
Grants and contributions not restricted to specific programs					1,264,684
Unrestricted interest income					52,942
Miscellaneous					704,832
Total General Revenues					11,104,887
Changes in Net Position					(3,510,864)
Net Position - Beginning					43,480,207
Net Position - Ending					\$ 39,969,343

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

GRENADA COUNTY  
Balance Sheet - Governmental Funds  
September 30, 2016

Exhibit 3

	<u>Major Funds</u>			
	<u>General Fund</u>	<u>Economic Development Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash	\$ 3,994,750	5,180,906	2,273,592	11,449,248
Property tax receivable	5,538,168		2,746,597	8,284,765
Accounts receivable (net of allowance for uncollectibles, \$257,830)			76,483	76,483
Fines receivable (net of allowance for uncollectibles, \$555,391)	117,583			117,583
Intergovernmental receivables	200,488		98,259	298,747
Other receivables	33,961		2,369	36,330
Due from other funds	35,200	280,000	74,159	389,359
Advances to other funds			1,874	1,874
Total Assets	<u>\$ 9,920,150</u>	<u>5,460,906</u>	<u>5,273,333</u>	<u>20,654,389</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
Liabilities:				
Claims payable	\$ 103,881		189,829	293,710
Intergovernmental payables	279,597		7,739	287,336
Due to other funds	74,159		315,200	389,359
Unearned revenue			9,188	9,188
Advances from other funds			1,874	1,874
Amounts held in custody for others	143,098			143,098
Total Liabilities	<u>600,735</u>	<u>0</u>	<u>523,830</u>	<u>1,124,565</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	5,538,168		2,746,597	8,284,765
Unavailable revenue - accounts receivable			76,483	76,483
Unavailable revenue - fines	117,583			117,583
Total Deferred Inflows of Resources	<u>5,655,751</u>	<u>0</u>	<u>2,823,080</u>	<u>8,478,831</u>
<b>Fund Balances:</b>				
Restricted:				
General government			302,165	302,165
Public safety			188,816	188,816
Public works			1,348,827	1,348,827
Debt service			256,397	256,397
Committed:				
General government			7,155	7,155
Public safety			24,349	24,349
Economic development		5,460,906		5,460,906
Unassigned	3,663,664		(201,286)	3,462,378
Total Fund Balances	<u>3,663,664</u>	<u>5,460,906</u>	<u>1,926,423</u>	<u>11,050,993</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 9,920,150</u>	<u>5,460,906</u>	<u>5,273,333</u>	<u>20,654,389</u>

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

## GRENADA COUNTY

Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position  
September 30, 2016Exhibit 3-1

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 11,050,993
Amounts reported for governmental services in the Statement of Net Position (Exhibit 1) are different because:	
Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$56,187,186.	40,802,861
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	194,066
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(3,333,513)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(7,328)
Pension Obligations:	
Pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(10,620,683)
Net pension liability	
Deferred outflows of resources related to pension obligations are applicable to future periods and, therefore, are not reported in the funds.	
Deferred outflows of resources related to pension obligations	<u>1,882,947</u>
Total Net Position - Governmental Activities	\$ <u><u>39,969,343</u></u>

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

## GRENADA COUNTY

Exhibit 4

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds  
For the Year Ended September 30, 2016

	Major Funds			
	General Fund	Economic Development Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Property taxes	\$ 5,394,784		3,420,159	8,814,943
Road and bridge privilege taxes			267,486	267,486
Licenses, commissions and other revenue	250,806		682,773	933,579
Fines and forfeitures	215,883		11,642	227,525
Intergovernmental revenues	837,039		2,168,347	3,005,386
Charges for services	367,398		128,104	495,502
Interest income	49,630	2,053	1,259	52,942
Miscellaneous revenues	646,172		52,955	699,127
Total Revenues	<u>7,761,712</u>	<u>2,053</u>	<u>6,732,725</u>	<u>14,496,490</u>
<b>EXPENDITURES</b>				
Current:				
General government	3,315,964		647,452	3,963,416
Public safety	3,223,715		1,047,973	4,271,688
Public works	397,500		5,585,583	5,983,083
Health and welfare	163,627		7,161	170,788
Culture and recreation	128,000			128,000
Conservation of natural resources	82,432			82,432
Economic development and assistance	1,709,106	702,572	64,249	2,475,927
Debt Service:				
Principal	30,996		1,341,660	1,372,656
Interest	2,815		133,650	136,465
Total Expenditures	<u>9,054,155</u>	<u>702,572</u>	<u>8,827,728</u>	<u>18,584,455</u>
Excess of Revenues over (under) Expenditures	<u>(1,292,443)</u>	<u>(700,519)</u>	<u>(2,095,003)</u>	<u>(4,087,965)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from long-term debt (capital)			271,194	271,194
Proceeds from long-term debt (noncapital)			117,327	117,327
Proceeds from sale of capital assets			14,345	14,345
Transfers in	1,000,000		1,024,619	2,024,619
Transfers out	(227,464)	(1,000,000)	(797,155)	(2,024,619)
Total Other Financing Sources and Uses	<u>772,536</u>	<u>(1,000,000)</u>	<u>630,330</u>	<u>402,866</u>
Net Changes in Fund Balances	(519,907)	(1,700,519)	(1,464,673)	(3,685,099)
Fund Balances - Beginning	<u>4,183,571</u>	<u>7,161,425</u>	<u>3,391,096</u>	<u>14,736,092</u>
Fund Balances - Ending	<u>\$ 3,663,664</u>	<u>5,460,906</u>	<u>1,926,423</u>	<u>11,050,993</u>

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

## GRENADA COUNTY

Exhibit 4-1

Reconciliation of the Statement of Revenues, Expenditures and Changes in  
Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended September 30, 2016

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ (3,685,099)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net assets differs from the change in fund balances by the amount that depreciation of \$1,329,328 exceeded capital outlays of \$1,258,227 in the current period.	(71,101)
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources and loss from the sale of capital assets decreases financial resources. Thus, the change in net assets differs from the change in the fund balances by the amount of the gain of \$5,705 and losses of \$10,366 and the proceeds from the sale of \$14,345 in the current period.	(19,006)
Fine revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	31,201
Solid waste revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	(14,932)
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Thus, the change in net assets differs from the change in fund balances by the amount that debt repayments of \$1,372,656 exceeded debt proceeds of \$388,521.	984,135
Items reported in the Statement of Activities relating to the implementation of GASB 68 are not reported in the governmental funds. These activities include:	
Recognition of pension expense for the current year	(1,370,439)
Recognition of contributions made subsequent to the measurement date	172,745
Recognition of contributions made in the fiscal year prior to measurement date	454,930
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net assets differs from the change in fund balances by a combination of the following items:	
The amount of decrease in accrued interest payable	4,047
The amortization of bond premium	<u>2,655</u>
Change in Net Position of Governmental Activities	\$ <u><u>(3,510,864)</u></u>

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

GRENADA COUNTY  
Statement of Fiduciary Net Position  
September 30, 2016

Exhibit 5

	Private-Purpose Trust Funds	Agency Funds
ASSETS		
Cash	\$ 121,965	62,660
Total Assets	<u>121,965</u>	<u>62,660</u>
LIABILITIES		
Other Liabilities		50,761
Intergovernmental Payables		11,899
Total Liabilities	<u>0</u>	<u>62,660</u>
NET POSITION		
Held in trust for:		
Individuals, organizations and other governments	\$ <u>121,965</u>	<u>0</u>

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



GRENADA COUNTY  
Statement of Changes in Fiduciary Net Position  
For the Year Ended September 30, 2016

Exhibit 6

	<u>Private-Purpose Trust Fund</u>
Net Position - Beginning	\$ 121,965
Net Position - Ending	<u>121,965</u>
Changes in Net Assets	\$ <u><u>0</u></u>

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

## GRENADA COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2016

#### (1) Summary of Significant Accounting Policies.

##### A. Financial Reporting Entity.

Grenada County is a political subdivision of the State of Mississippi. The county is governed by an elected five-member Board of Supervisors. Accounting principles generally accepted in the United States of America require Grenada County to present these financial statements on the primary government and its component units which have significant operational or financial relationships with the county.

Management has chosen to omit from these financial statements the following component unit which has a significant operational or financial relationship with the county. Accordingly, the financial statements do not include the data of the county's component unit necessary for reporting in conformity with accounting principles generally accepted in the United States of America.

- Grenada Lake Medical Center

State law pertaining to county government provides for the independent election of county officials. The following elected and appointed officials are all part of the county legal entity and therefore, are reported as part of the primary government financial statements.

- Board of Supervisors
- Chancery Clerk
- Circuit Clerk
- Justice Court Clerk
- Purchase Clerk
- Tax Assessor-Collector
- Sheriff

##### B. Basis of Presentation.

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

##### Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information concerning the county as a whole. The statements include all nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental revenues and other nonexchange revenues.

## GRENADA COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2016

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

#### Fund Financial Statements:

Fund financial statements of the county are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred inflows of resources, liabilities, fund equity, revenues and expenditures. Funds are organized into governmental and fiduciary. Major individual Governmental 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 and Basis of Accounting.

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

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

The county reports the following major Governmental Funds:

General Fund - This fund is used to account for and report all financial resources not accounted for and reported in another fund.

Economic Development Fund - This fund is used to account for economic development expenditures of the one time monies received from Grenada Lake Medical Center.

## GRENADA COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2016

Additionally, the county reports the following fund types:

#### GOVERNMENTAL FUND TYPES

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

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

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

#### FIDUCIARY FUND TYPES

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

Private-purpose Trust Funds - These funds are used to report all trust arrangements, other than those properly reported elsewhere, under which the principal and income benefit individuals, private organizations or other governments.

#### D. Account Classifications.

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

#### E. Deposits and Investments.

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

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

#### F. Receivables.

Receivables represent amounts due to the county for revenue earned that will be collected sometime in the future. Receivables are reported net of allowances for uncollectible accounts, where applicable.

# GRENADA COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2016

### G. Interfund Transactions and Balances.

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

### H. Capital Assets.

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

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

	Capitalization Thresholds	Estimated Useful Life
Land	\$ 0	N/A
Infrastructure	0	20-50 years
Buildings	50,000	40 years
Mobile equipment	5,000	5-10 years
Furniture and equipment	5,000	3-7 years
Leased property under capital leases	*	*

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

## GRENADA COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2016

#### I. 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 element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

Deferred amount related to pensions - This amount represents the county's proportionate share of the deferred outflows of resources reported by the pension plan in which the county participates. See Note 9 for additional details.

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

Property tax for future reporting period/unavailable revenue - property taxes - Deferred inflows of resources should be reported when resources associated with imposed nonexchange revenue transactions are received or reported as received before the period for which property taxes are levied.

Unavailable revenue - fines - When an asset is recorded in the governmental fund financial statements but the revenue is not available, the government should report a deferred inflow of resources until such a time as the revenue becomes available.

Unavailable revenue - accounts receivable - When an asset is recorded in the governmental fund financial statements but the revenue is not available, the government should report a deferred inflow of resources until such a time as the revenue becomes available.

#### J. Pensions.

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

#### K. Long-term Liabilities.

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

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities, Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

## GRENADA COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2016

#### L. Equity Classifications.

The difference between assets, deferred outflows of resources, liabilities, and deferred inflow of resources is reported as Net Position on the government-wide and proprietary funds financial statements and as Fund Balance on the governmental funds financial statements.

##### Government-wide Financial Statements:

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

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

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

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

##### Net Position Flow Assumption:

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

##### Fund Financial Statements:

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

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

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

*Committed fund balance* includes amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.

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

## GRENADA COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2016

#### Fund Balance Flow Assumption:

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

#### M. Property Tax Revenues.

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

The Board of Supervisors, each year at a meeting in September, levies property taxes for the ensuing fiscal year which begins on October 1. Real property taxes become a lien on January 1 of the current year, and personal property taxes become a lien on March 1 of the current year. Taxes on both real and personal property, however, are due on or before February 1 of the next succeeding year. Taxes on motor vehicles and mobile homes become a lien and are due in the month that coincides with the month of original purchase.

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

#### N. Intergovernmental Revenues in Governmental Funds.

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

#### (2) Deposits.

The carrying amount of the county's total deposits with financial institutions at September 30, 2016, was \$11,633,873 and the bank balance was \$11,897,296. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State legislature and is governed by Section 27-105-5, 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 (FDIC).



# GRENADA COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2016

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

### (3) Interfund Transactions and Balances.

The following is a summary of interfund balances at September 30, 2016:

#### A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 35,200
Economic Development	Other Governmental Funds	280,000
Other Governmental Funds	General Fund	<u>74,159</u>
Total		<u>\$ 389,359</u>

The receivables represent tax revenue collected but not settled until October, 2016, monies paid for construction, and to correct a posting error. All interfund balances are expected to be repaid within one year from the date of the financial statements.

#### B. Advances From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Other Governmental Funds	Other Governmental Funds	<u>\$ 1,874</u>

The principal purpose of the advance was to correct posting errors.

#### C. Transfers In/Out:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General Fund	Economic Development	\$ 1,000,000
Other Governmental Funds	General Fund	227,464
Other Governmental Funds	Other Governmental Funds	<u>797,155</u>
Total		<u>\$ 2,024,619</u>

The principal purpose of the interfund transfers was to provide funds for county operations, to reimburse for expenditures, to pay off bonds and to close funds. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

# GRENADA COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2016

- (4) Intergovernmental receivables at September 30, 2016, consisted of the following:

<u>Description</u>	<u>Amount</u>
Governmental Activities:	
Legislative tag credit	\$ 148,616
Reimbursement for housing prisoners	34,671
Reimbursement for inmate medical	297
Overload taxes	9,678
Timber severance tax	489
Truck & bus privilege tax	242
Drug court	11,576
Petroleum tax	44,108
Harvest permits	1,284
City of Grenada garbage	42,559
Election support	<u>5,227</u>
Total Governmental Activities	<u>\$ 298,747</u>

- (5) Capital Assets.

The following is a summary of capital assets activity for the year ended September 30, 2016:

Governmental Activities:	Balance				Balance
	Oct. 1, 2015	Additions	Deletions	Adjustments *	Sept. 30, 2016
<u>Non-depreciable capital assets:</u>					
Land	\$ 1,208,033				1,208,033
Construction in progress	63,466				63,466
Total non-depreciable capital assets	<u>1,271,499</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,271,499</u>
<u>Depreciable capital assets:</u>					
Infrastructure	64,017,034	387,000			64,404,034
Buildings	23,044,538				23,044,538
Mobile equipment	5,825,217	377,563	101,949	27,893	6,128,724
Furniture and equipment	679,069	222,470	88,145		813,394
Leased property under capital leases	1,084,557	271,194		(27,893)	1,327,858
Total depreciable capital assets	<u>94,650,415</u>	<u>1,258,227</u>	<u>190,094</u>	<u>0</u>	<u>95,718,548</u>
<u>Less accumulated depreciation for:</u>					
Infrastructure	40,220,293	452,778			40,673,071
Buildings	9,089,562	388,695			9,478,257
Mobile equipment	4,874,658	196,001	91,757	10,041	4,988,943
Furniture and equipment	426,791	82,942	79,331		430,402
Leased property under capital leases	417,642	208,912		(10,041)	616,513
Total accumulated depreciation	<u>55,028,946</u>	<u>1,329,328</u>	<u>171,088</u>	<u>0</u>	<u>56,187,186</u>
Total depreciable capital assets, net	<u>39,621,469</u>	<u>(71,101)</u>	<u>19,006</u>	<u>0</u>	<u>39,531,362</u>
Governmental activities capital assets, net \$	<u>40,892,968</u>	<u>(71,101)</u>	<u>19,006</u>	<u>0</u>	<u>40,802,861</u>

\* Adjustments are to transfer paid out capital leases to their proper classification.

# GRENADA COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2016

Depreciation expense was charged to the following functions:

	<u>Amount</u>
Governmental Activities:	
General government	\$ 108,542
Public safety	292,265
Public works	728,725
Health and welfare	7,942
Economic development	<u>191,854</u>
Total governmental activities depreciation expense	<u>\$ 1,329,328</u>

### (6) Claims and Judgments.

#### Risk Financing.

The county finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The county pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2016, to January 1, 2017. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

### (7) Operating Leases.

#### As Lessor:

The county receives income from property it leases under non-cancellable operating leases. Total income from such leases was \$38,433 for the year ended September 30, 2016. The future minimum lease receivables for these leases are as follows:

<u>Year Ending September 30:</u>	<u>Amount</u>
2017	\$ 38,433
2018	38,433
2019	<u>30,412</u>
Total Minimum Payments Required	<u>\$ 107,278</u>

# GRENADA COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2016

### (8) Capital Leases.

As Lessee:

The county is obligated for the following capital assets acquired through capital leases as of September 30, 2016:

Classes of Property	Governmental Activities
Mobile equipment	\$ 1,327,858
Less: Accumulated depreciation	616,513
Leased Property Under Capital Leases	<u>\$ 711,345</u>

The following is a schedule by years of the total payments due as of September 30, 2016:

Year Ending September 30:	Governmental Activities	
	Principal	Interest
2017	\$ 206,285	10,936
2018	166,024	7,337
2019	148,711	4,147
2020	98,471	1,636
2021	<u>30,122</u>	<u>213</u>
Total	<u>\$ 649,613</u>	<u>24,269</u>

### (9) Defined Benefit Pension Plan.

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

Plan Description. Grenada County, Mississippi, is a member of the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefit provisions are established by state law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429, Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

Benefits Provided. Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring.

# GRENADA COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2016

Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less.

Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007).

PERS also provides certain death and disability benefits. A Cost-of Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

Contributions. At September 30, 2016, PERS members were required to contribute 9% of their annual covered salary, and the county is required to contribute at an actuarially determined rate. The employer's share at September 30, 2016, was 15.75% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The county's contributions (employer share only) to PERS for the year ended September 30, 2016, 2015 and 2014 were \$627,675, \$590,754, and \$587,655 respectively, equal to 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, 2016, the county reported a liability of \$10,620,683 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The county's proportion of the net pension liability was based on a projection of the county's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The county's proportionate share used to calculate the September 30, 2016 net pension liability was .059458 percent, which was based on a measurement date of June 30, 2016. This was an increase of .000116 percent from its proportionate share used to calculate the September 30, 2015 net pension liability, which was based on a measurement date of June 30, 2015.

For the year ended September 30, 2016, the county recognized pension expense of \$1,370,439. At September 30, 2016, the county reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 281,857
Net difference between projected and actual earnings on pension plan investments	1,286,735
Changes of assumptions	568,777
Changes in the County's proportion and differences between the County's contributions and proportionate share of contributions	(427,167)
County contributions subsequent to the measurement date	172,745
Total	<u>\$ 1,882,947</u>

# GRENADA COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2016

\$172,745 reported as deferred outflows of resources related to pension resulting from county contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

### Year Ending September 30:

2017	\$	634,192
2018		583,006
2019		283,191
2020		<u>209,813</u>
Total	\$	<u>1,710,202</u>

Actuarial Assumptions. The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	3.0 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 Healthy Annuitant Blue Collar Table Projected with Scale BB to 2016, with male rates set forward one year.

The actuarial assumptions used in the June 30, 2016 valuation were 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 estimated future real rates of return (expected nominal returns, net of pension plan investments expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2016, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
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	<u>1.00%</u>	(0.50%)
Total	<u>100.00%</u>	

# GRENADA COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2016

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 period of projected benefit payments to determine the total pension liability.

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

	1% Decrease (6.75%)	1% Increase (8.75%)	Discount Rate (7.75%)
County's proportionate share of the net pension liability	\$ 13,618,097	\$ 10,620,683	\$ 8,133,801

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS Comprehensive Annual Financial Report, publicly available at [www.pers.ms.gov](http://www.pers.ms.gov).

### (10) Long-term Debt.

Debt outstanding as of September 30, 2016, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
A. General Obligation Bonds:			
Holmes Community College general obligation bonds 2011	\$ 2,465,000	3.10/4.40%	04/2031
Total General Obligation Bonds	\$ 2,465,000		
B. Capital Leases:			
2012 Ford F750 dump truck	\$ 12,013	2.01%	08/2017
2012 Ford F750 dump truck	12,013	2.01%	08/2017
2012 Ford F750 dump truck	12,013	2.01%	08/2017
John Deere tractor	2,976	2.44%	08/2017
Kubota tractor & boom mower	15,401	1.75%	08/2017
Tractor & mower	17,539	1.95%	01/2018
Tractor & mower	12,305	2.09%	02/2019

(Continued)

# GRENADA COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2016

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Motor grader	96,477	1.94%	09/2019
2 tractors & cutters	25,440	2.07%	03/2019
Rescue fire truck	87,470	2.01%	08/2020
2 John Deere tractors	52,225	2.11%	08/2020
John Deere tractor	20,936	2.15%	10/2019
John Deere tractor	24,451	2.20%	10/2020
2015 Ford F250	15,605	2.01%	10/2018
Excavator	99,313	2.01%	12/2020
2016 Ford F750 dump truck	71,718	1.94%	06/2021
2016 Ford F750 dump truck	71,718	1.94%	06/2021
Total Capital Leases	\$ 649,613		
C. Other Loans:			
Freight Rail Revolving loan	\$ 117,327	0.00%	09/2032
Grenada Manufacturing CAP loan	101,573	4.65%	08/2019
Total Other Loans	\$ 218,900		

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

### Governmental Activities:

Year Ending September 30:	General Obligation Bonds		Other Loans	
	Principal	Interest	Principal	Interest
2017	\$ 120,000	87,935	34,421	4,012
2018	125,000	82,895	43,876	2,378
2019	130,000	77,895	38,920	678
2020	135,000	72,695	7,822	
2021	145,000	67,565	7,822	
2022-2026	810,000	265,633	39,110	
2027-2031	1,000,000	113,305	39,110	
2032-2036			7,819	
Total	\$ 2,465,000	767,923	218,900	7,068

**Legal Debt Margin** - The amount of debt, excluding specific exempted debt, that can be incurred by the county is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the county, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the county. As of September 30, 2016, the amount of outstanding debt was equal to 1.29% of the latest property assessments.



# GRENADA COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2016

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2016:

					Amount due within one year
	Balance Oct. 1, 2015	Additions	Reductions	Balance Sept. 30, 2016	
Governmental Activities:					
General obligation bonds	\$ 3,585,000		1,120,000	2,465,000	120,000
Premium	2,655		2,655		
Capital leases	598,250	271,194	219,831	649,613	206,285
Other loans	134,398	117,327	32,825	218,900	34,421
Total	\$ 4,320,303	388,521	1,375,311	3,333,513	360,706

(11) Deficit Fund Balances of individual Funds.

The following funds reported deficits in fund balances at September 30, 2016:

Fund	Deficit Amount
EDA Investment Grant Fund	\$ 31,435
Home Grant Fund	201
District Two Road Fund	57,699
Engineer Fund	111,951

(12) Contingencies.

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

Litigation - The county is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate ultimate outcome or liability, if any, of the county with respect to the various proceedings.

(13) Effect of Deferred Amounts on Net Position.

The governmental activities' unrestricted net position amount of \$(7,738,228) includes the effect of deferred outflows on resources related to pensions. A portion of the deferred outflow of resources related to pensions in the amount of \$172,745 resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2016. The \$1,710,202 balance of the deferred outflow of resources related to pensions at September 30, 2016, will be recognized in pension expense over the next 4 years.

## GRENADA COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2016

#### (14) Related Organization.

The Grenada County Board of Supervisors is responsible for appointing a voting majority of the board members of GT&Y Utility District, but the county's accountability for this organization does not exceed beyond making the appointments. The county did not appropriate any funds for the maintenance and support of the district in fiscal year 2016.

The Elizabeth Jones Library is a City/County library which provides library services to the citizens of Grenada County and the City of Grenada. Grenada County appoints all five members to the Library's Board of Trustees but the county's accountability for this organization does not extend beyond making the appointments. The county appropriated \$100,000 for maintenance and support of the library in fiscal year 2016.

#### (15) Jointly Governed Organizations.

The county participates in the following jointly governed organizations:

Mississippi Regional Housing Authority IV operates in a district composed of the Counties of Carroll, Choctaw, Clay, Grenada, Lowndes, Montgomery, Oktibbeha, Webster and Winston. The Grenada County Board of Supervisors appoints one of the nine members of the board of commissioners. The county did not appropriate for maintenance and support of the authority in fiscal year 2016.

Region Six Mental Health/Mental Retardation Center/Life Help operates in a district composed of the Counties of Attala, Carroll, Grenada, Holmes, Humphreys, Leflore, Montgomery and Sunflower. The Grenada County Board of Supervisors appoints one of the eight members of the board of commissioners. The county appropriated \$35,881 for maintenance and support of the center in fiscal year 2016.

The North Central Planning and Development District operates in a district composed of the Counties of Attala, Carroll, Grenada, Holmes, Leflore, Montgomery and Yalobusha. The Grenada County Board of Supervisors appoints four of the twenty-eight members of the district board of directors. The county appropriated \$45,486 for maintenance and support of the district in fiscal year 2016.

Holmes Community College operates in a district composed of the Counties of Attala, Carroll, Choctaw, Grenada, Holmes, Madison, Montgomery, Webster and Yazoo. The Grenada County Board of Supervisors appoints two of the 22 members of the college's board of trustees. The county levied \$370,295 in taxes for maintenance and support of the college in fiscal year 2016.

#### (16) Subsequent Events.

GAAP requires the County to evaluate events that occur subsequent to the date of the Statement of Net Position but before the financial statements are issued (subsequent events). Such events that provide additional evidence with respect to conditions that existed as of the Statement of Net Position date are recognized in the accompanying financial statements. However, subsequent events that provide evidence with respect to conditions that did not exist at the Statement of Net Position date but arose subsequently, and are of such a nature that their disclosure is essential to the user's understanding of the financial statements, are required to be disclosed herein. Management of Grenada County evaluated the County's activity and events that occurred through September 13, 2017, and determined that no subsequent events met the disclosure requirements.

GRENADA COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

GRENADA COUNTY  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis)  
 General Fund  
 For the Year Ended September 30, 2016

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 5,117,751	5,383,206	5,383,206	
Licenses, commissions and other revenue	212,650	251,179	251,179	
Fines and forfeitures	225,000	217,301	217,301	
Special assessments	350	469	469	
Intergovernmental revenues	1,109,300	844,234	844,234	
Charges for services	968,000	379,895	379,895	
Interest income	40,100	49,727	49,727	
Miscellaneous revenues	262,550	320,660	320,660	
Total Revenues	<u>7,935,701</u>	<u>7,446,671</u>	<u>7,446,671</u>	<u>0</u>
<b>EXPENDITURES</b>				
Current:				
General government	4,615,410	3,331,064	3,331,064	
Public Safety	3,723,345	3,317,857	3,317,857	
Public works	8,000	10,500	10,500	
Health and welfare	181,211	163,407	163,407	
Culture and recreation	106,000	106,000	106,000	
Education	22,000	22,000	22,000	
Conservation of natural resources	89,796	83,322	83,322	
Economic development and assistance	706,000	1,709,106	1,709,106	
Debt Service				
Principal		31,140	31,140	
Interest		2,671	2,671	
Total Expenditures	<u>9,451,762</u>	<u>8,777,067</u>	<u>8,777,067</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>(1,516,061)</u>	<u>(1,330,396)</u>	<u>(1,330,396)</u>	<u>0</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Other financing sources	0	1,000,000	1,000,000	
Other financing uses	(182,417)	(227,464)	(227,464)	
Total Other Financing Sources and Uses	<u>(182,417)</u>	<u>772,536</u>	<u>772,536</u>	<u>0</u>
Net Change in Fund Balance	(1,698,478)	(557,860)	(557,860)	0
Fund Balances - Beginning	<u>4,477,585</u>	<u>4,202,774</u>	<u>4,202,774</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 2,779,107</u>	<u>3,644,914</u>	<u>3,644,914</u>	<u>0</u>

The notes to the required supplementary information are an integral part of this schedule.

GRENADA COUNTY  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis)  
 Economic Development Fund  
 For the Year Ended September 30, 2016

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Interest income	\$ 1,000	1,973	1,973	0
Total Revenues	<u>1,000</u>	<u>1,973</u>	<u>1,973</u>	<u>0</u>
<b>EXPENDITURES</b>				
Current:				
Economic development		519,075	519,075	0
Total Expenditures	<u>0</u>	<u>519,075</u>	<u>519,075</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>1,000</u>	<u>(517,102)</u>	<u>(517,102)</u>	<u>0</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Other financing uses	<u>(2,687,951)</u>	<u>(1,209,033)</u>	<u>(1,209,033)</u>	<u>0</u>
Total Other Financing Sources and Uses	<u>(2,687,951)</u>	<u>(1,209,033)</u>	<u>(1,209,033)</u>	<u>0</u>
Net Change in Fund Balance	(2,686,951)	(1,726,135)	(1,726,135)	0
Fund Balances - Beginning	<u>4,686,951</u>	<u>16,186,586</u>	<u>16,186,586</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 2,000,000</u>	<u>14,460,451</u>	<u>14,460,451</u>	<u>0</u>

The notes to the required supplementary information are an integral part of this schedule.

GRENADA COUNTY  
Schedule of the County's Contributions  
PERS  
Last 10 Fiscal Years\*

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 627,675	590,754	587,655
Contributions in relation to the contractually required contribution	<u>627,675</u>	<u>590,754</u>	<u>587,655</u>
Contribution deficiency (excess)	\$ <u>0</u>	<u>0</u>	<u>0</u>
County covered-employee payroll	\$ 3,985,238	3,750,819	3,731,143
Contributions as a percentage of covered-employee payroll	15.75 %	15.75 %	15.75 %

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE 9/30/15, and until a full 10-year trend is compiled, the county has only presented information for the years in which information was available.

The notes to the required supplementary information are an integral part of this schedule.

GRENADA COUNTY  
Schedule of the County's Proportionate Share of the Net Pension Liability  
PERS  
Last 10 Fiscal Years\*

	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset)	\$ 10,620,683	9,173,103	7,349,904
County's proportionate share of the net pension liability (asset)	0.059458 %	0.059342 %	0.060552 %
County's covered-employee payroll	\$ 3,803,651	3,707,333	3,700,057
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	279.223380 %	247.431320 %	198.642993 %
Plan fiduciary net position as a percentage of the total pension liability	57.467727 %	61.703983 %	67.207687 %

\* The amounts presented for each fiscal year were determined as of the measurement date of 6/30 of the fiscal year presented.

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE 9/30/15, and until a full 10-year trend is compiled, the county has only presented information for the years in which information was available.

The notes to the required supplementary information are an integral part of this schedule.

GRENADA COUNTY  
Notes to the Required Supplementary Information  
For the Year Ended September 30, 2016

(1) A. Budgetary Information.

Statutory requirements dictate how and when the county's budget is to be prepared. Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the Board of Supervisors of the county, using historical and anticipated fiscal data and proposed budgets submitted by the Sheriff and the Tax Assessor-Collector for his or her respective department, 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 Board of Supervisors that budgetary estimates will not be met, it may make revisions to the budget.

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

B. Basis of Presentation.

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

C. Budget/GAAP Reconciliation.

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

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

The following schedule reconciles the budgetary basis schedules to the GAAP basis financial statements for the General Fund and the Economic Development Fund.

	<u>Governmental Fund Types</u>	
	<u>General Fund</u>	<u>Economic Development Fund</u>
Net Change in Fund Balance - Budget (Cash Basis)	\$ (557,860)	(1,726,135)
Increase (Decrease)		
Net adjustments for revenue accruals	315,041	80
Net adjustments for expenditure accruals	<u>(277,088)</u>	<u>25,536</u>
Net Change in Fund Balance - GAAP Basis	<u>\$ (519,907)</u>	<u>(1,700,519)</u>



GRENADA COUNTY  
Notes to the Required Supplementary Information  
For the Year Ended September 30, 2016

(2) Schedule of the County's Proportionate share of the Net Pension Liability and Schedule of County's Contributions:

Changes in Benefit Provisions.

None

Changes of Assumptions.

In 2016, the assumed rate of interest credited to the employee contribution was changed from 3.50% to 2.00%.

GRENADA COUNTY

SUPPLEMENTAL INFORMATION

GRENADA COUNTY  
Reconciliation of Operating Costs of Solid Waste  
For Year Ended September 30, 2016

Operating Expenditures, Cash Basis:

Personal	\$ 55,098
Expendable Commodities:	
Gasoline and petroleum products	5,780
Repair parts	5,325
Professional services	6,385
Insurance	1,855
Solid waste disposal fee	447,392
Supplies (including equipment under cap thresholds)	<u>5,410</u>
Solid Waste Cash Basis Operating Expenditures	527,245

Full Cost Expenses:

Indirect administrative costs	9,155
Depreciation on equipment	28,123
Net effect of other accrued expenses	<u>5,282</u>
Solid Waste Full Cost Operating Expenses	<u>\$ 569,805</u>

## GRENADA COUNTY

## OTHER INFORMATION

GRENADA COUNTY  
Schedule of Surety Bonds for County Officials - UNAUDITED  
For the Year Ended September 30, 2016

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Bond</u>
Michael Lott	Supervisor District 1	Brierfield	\$100,000
Timothy C. Bridges	Supervisor District 2	Brierfield	\$100,000
Christopher Columbus Hankins	Supervisor District 3	Brierfield	\$100,000
Darrell Robinson	Supervisor District 4	Brierfield	\$100,000
Chad Gray	Supervisor District 5	Brierfield	\$100,000
Johnny Hayward	Chancery Clerk	Brierfield	\$100,000
Victoria G. Blaylock	Deputy Chancery Clerk	Brierfield	\$50,000
Audrey J. Carter	Deputy Chancery Clerk	Brierfield	\$50,000
Rachell Holland	Deputy Chancery Clerk	Brierfield	\$50,000
Sharon Mathis	Deputy Chancery Clerk	Brierfield	\$50,000
Vicky J. Conley	Purchase Clerk	Brierfield	\$75,000
Sherrie Jones	Assistant Purchasing Clerk	Brierfield	\$50,000
Edna M Lindsey	Receiving Clerk	Brierfield	\$75,000
Angela Mullen	Inventory Control Clerk	Brierfield	\$75,000
Alexander Farmer	Constable	Brierfield	\$50,000
Jimmy Malone	Constable	Brierfield	\$50,000
Michele Redditt	Circuit Clerk	Brierfield	\$100,000
LaPorche Baker	Deputy Circuit Clerk	RLI In. Co.	\$50,000
Lynda Pinnix	Deputy Circuit Clerk	Brierfield	\$50,000
Lezley LaFuxe Todd	Deputy Circuit Clerk	Brierfield	\$50,000
Jessica T. Westmoreland	Deputy Circuit Clerk	Brierfield	\$50,000
Jessie Alton Strider, Jr	Sheriff	Brierfield	\$100,000
Leon Williamson	Justice Court Judge	Brierfield	\$50,000
Jimmy Tallant	Justice Court Judge	Brierfield	\$50,000
Judith H. Eldridge	Justice Court Clerk	FCCI	\$50,000
Luchia M. Brown	Deputy Justice Court Clerk	Brierfield	\$50,000
Dianne Horton-Tillman	Deputy Justice Court Clerk	Brierfield	\$50,000
Lucille Shipp	Deputy Justice Court Clerk	Brierfield	\$50,000
Charles D. Melton	Tax Collector/Assessor	Brierfield	\$100,000
Cassie Lott	Deputy Tax Assessor	Brierfield	\$10,000
Tammie Lynn McRee	Deputy Clerk Collector	Brierfield	\$50,000
Tanesha Harbin Wilson	Deputy Clerk-Tax Assessor	Brierfield	\$50,000
Sherrie Jones	Deputy Tax Assessor	Brierfield	\$10,000
Lisa Roberson	Deputy Tax Collector	Brierfield	\$50,000
Tiffany Fox	Deputy Clerk/Tax Collector	Brierfield	\$50,000
Robyn Perry Hood	Deputy Clerk Collector	Brierfield	\$50,000
Monica Shipp	Deputy Tax Collector	Brierfield	\$50,000
Robert Willis	County Engineer	Brierfield	\$50,000

## GRENADA COUNTY

### SPECIAL REPORTS

# Windham and Lacey, PLLC

## *Certified Public Accountants*

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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 THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Members of the Board of Supervisors  
Grenada County, 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, each major fund and the aggregate remaining fund information of Grenada County, Mississippi, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the county's basic financial statements and have issued our report thereon dated September 13, 2017. Our report includes an adverse opinion on the discretely presented component unit due to the omission of the discretely presented component unit which is required by accounting principles generally accepted in the United States of America to be reported with the financial data of the county's primary government unless the county also issues financial statements for the financial reporting entity that include the financial data for its component unit.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Grenada County, Mississippi's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Grenada County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Grenada County's internal control over financial reporting.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Responses, we identified a certain deficiency in internal control that we consider to be a material weakness.

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 county's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Responses as 2016-1 to be a material weakness.

### **Compliance and Other Matters**

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

### **County's Response to Findings**

Grenada County, Mississippi's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. Grenada County, Mississippi's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the county'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 county's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.



Windham and Lacey, PLLC  
September 13, 2017



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## INDEPENDENT ACCOUNTANT'S REPORT ON CENTRAL PURCHASING SYSTEM, INVENTORY CONTROL SYSTEM AND PURCHASE CLERK SCHEDULES (REQUIRED BY SECTION 31-7-115, MISS. CODE ANN. (1972))

Members of the Board of Supervisors  
Grenada County, Mississippi

We have examined Grenada County, Mississippi's compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972), and compliance with the purchasing requirements in accordance with the bid requirements of Sections 31-7-13, Miss. Code Ann. (1972), during the year ended September 30, 2016. The Board of Supervisors of Grenada County, Mississippi, is responsible for the county's compliance with those requirements. Our responsibility is to express an opinion on the county's compliance based on our examination.

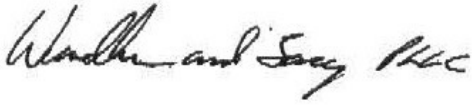
Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly included examining, on a test basis, evidence about the county's compliance with those requirements and performing other procedures as we considered necessary in the circumstances. We believe our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the county's compliance with specified requirements. The Board of Supervisors of Grenada County, Mississippi, has established centralized purchasing for all funds of the county and has established an inventory control system. The objective of the central purchasing system is to provide reasonable, but not absolute, assurance that purchases are executed in accordance with state law.

Because of the inherent limitations in any central purchasing system and inventory control system, errors or irregularities may occur and not be detected. Also, projection of any current evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

In our opinion, Grenada County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2016.

The accompanying schedules of (1) purchases not made from the lowest bidder, (2) emergency purchases and (3) purchases made noncompetitively from a sole source are presented in accordance with Section 31-7-115, Miss. Code Ann. (1972). The information contained on these schedules has been subjected to procedures performed in connection with our aforementioned examination of the purchasing system and, in our opinion, is fairly presented when considered in relation to the examination.

This report is intended for use in evaluating Grenada County, Mississippi's compliance with the aforementioned requirements, and is not intended to be and should not be relied upon for any other purpose. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink that reads "Windham and Lacey, PLLC". The signature is written in a cursive, flowing style.

Windham and Lacey, PLLC  
September 13, 2017

GRENADA COUNTY  
Schedule of Purchases Not Made From the Lowest Bidder  
For the Year Ended September 30, 2016

Schedule 1

Our test results did not identify any purchases from other than the lowest bidder.

GRENADA COUNTY  
Schedule of Emergency Purchases  
For the Year Ended September 30, 2016

Schedule 2

Our test results did not identify any emergency purchases.

GRENADA COUNTY

Schedule of Purchases Made Noncompetitively From a Sole Source

For the Year Ended September 30, 2016

Schedule 3

Our test results did not identify any purchases made noncompetitively from a sole source.

# Windham and Lacey, PLLC

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### LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

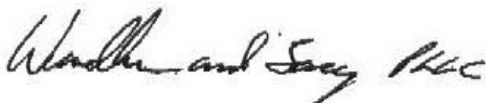
Members of the Board of Supervisors  
Grenada County, Mississippi

In planning and performing our audit of the financial statements of Grenada County, Mississippi for the year ended September 30, 2016, we considered Grenada County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Grenada County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the county's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated September 13, 2017, on the financial statements of Grenada County, Mississippi.

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

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



Windham and Lacey, PLLC  
September 13, 2017

GRENADA COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

## GRENADA COUNTY

### Schedule of Findings and Responses For the Year Ended September 30, 2016

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

##### *Financial Statements:*

- |    |                                                                                        |               |
|----|----------------------------------------------------------------------------------------|---------------|
| 1. | Type of auditor's report issued on the financial statements:                           |               |
|    | Governmental activities                                                                | Unmodified    |
|    | Aggregate discretely presented component units                                         | Adverse       |
|    | General Fund                                                                           | Unmodified    |
|    | Economic Development Fund                                                              | Unmodified    |
|    | Aggregate remaining fund information                                                   | Unmodified    |
| 2. | Internal control over financial reporting:                                             |               |
| a. | Material weakness identified?                                                          | Yes           |
| b. | Significant deficiencies identified that are not considered to be material weaknesses? | None Reported |
| 3. | Noncompliance material to the financial statements?                                    | No            |

#### Section 2: Financial Statement Findings

##### Significant Deficiency - Material Weakness

##### 2016-1. Finding

As reported in prior years, generally accepted accounting principles require the financial data for the county's component unit to be reported with the financial data of the county's primary government unless the county also issues financial statements for the financial reporting entity that include the financial data for its component units. The financial statements do not include the financial data for the county's legally separate component units. The failure to properly follow generally accepted accounting principles resulted in an adverse opinion on the discretely presented component units.

##### Recommendation

The Board of Supervisors should provide the financial data for its discretely presented component units for the inclusion in the county's financial statements.

##### Response

As you are aware, management has always chosen to omit component units from the financial statements. We believe the cost of inclusion of component units would exceed the benefit derived.