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**CITY OF GRENADA, MISSISSIPPI**  
**SEPTEMBER 30, 2016**  
**FINANCIAL STATEMENTS**

**City of Grenada, Mississippi**  
**Financial Statements**  
**For the Year Ended September 30, 2016**  
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## INDEPENDENT AUDITOR'S REPORT

To the City Council  
City of Grenada, Mississippi

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Grenada, Mississippi, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Grenada, Mississippi as of December 28, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the



year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

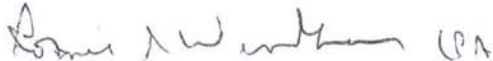
### *Required Supplementary Information*

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2017, on our consideration of the City of Grenada, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Grenada, Mississippi's internal control over financial reporting and compliance.

A handwritten signature in dark ink, appearing to read "Ronnie S. Windham CPA".

Ronnie S. Windham, CPA, PLLC  
Oxford, MS  
December 28, 2017

**CITY OF GRENADA, MISSISSIPPI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2016**

Our discussion and analysis of the City of Grenada's financial performance provides an overview of the City's financial activities for the fiscal year ended September 30, 2016. Readers should also review the basic financial statements and disclosures to enhance their understanding of the City's financial performance.

**FINANCIAL HIGHLIGHTS**

- The assets of the City of Grenada exceeded its liabilities at the close of the most recent fiscal year by \$24,345,235 (net position). The net position decreased by \$3,448,427 or 12.41% percent under the previous year. The primary reason for the large decrease was the Pension costs and un-reimbursed medical expenses.
- The City had \$19,733,381 in total revenues. Property tax revenues account for \$5,556,294 or 28.16% percent of total revenues. Sales and tourism taxes account for \$5,223,468 or 26.47% percent of total revenues. Charges for services account for \$6,742,350 or 34.17% percent of total revenues. The remainder of revenue is from federal and state grants, franchise taxes and other sources.
- The City had \$22,895,154 in total expenses which represents an increase of \$1,546,860 or 7.25% percent increase over the prior fiscal year. Expenses in the amounts of \$7,340,697 were offset by grants and charges for services. General revenues of \$12,027,165 were not adequate to provide for the remainder of the expenses.
- Among major funds, the General Fund had \$10,793,825 in revenues and \$12,279,742 in expenditures. The General Fund's fund balance increased \$1,486,456 over the prior year.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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

**Government-wide financial statements.** The government-wide financial statements, presented on pages 13 through 14 are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Grenada, Mississippi is improving or deteriorating.

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

The government-wide financial statements distinguish functions of the City of Grenada, Mississippi that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their cost through user fees and charges (business-type activities). The government activities of the City include general government, public safety, public works, highways and streets, health and sanitation, shop department, education and recreation and economic and community development.

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

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

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

The City of Grenada maintains 38 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, 2007 General Obligation Bond Fund, 2011 General Obligation Bond Fund, and Urban Development Action Grant Fund, all of which are considered to be Major Funds. All other funds are considered non-major and are presented in a single column. The governmental fund financial statements are presented on pages 15 through 18.

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

Proprietary Funds. The City maintains three types of proprietary Funds as enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial

statements. The City uses the enterprise fund to account for water and sewer operations, Solid Waste, and Golf Course. The fund is financed primarily through user fees. The internal service fund accounts for the accumulation of amounts used to pay health insurance claims and life insurance premiums for City employees.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements are presented on pages 19 through 23.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's programs. The accounting used for fiduciary funds are much like that used for proprietary funds. Its financial statement can be found on page 24.

**Notes to the financial statements.** The notes, presented on pages 25 through 46, provide additional narrative and tabular information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Grenada, assets and deferred outflows exceeded liabilities and deferred inflows by \$24,345,235.

By far the largest portion of the City of Grenada's net position, \$19,808,621 or 81.37% reflects its investment in capital assets (land, buildings, machinery and equipment, etc.) less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources because the capital assets themselves cannot be used to liquidate these liabilities.

The following table presents a summary of the City's net position for the fiscal year ended September 30, 2016.



### City of Grenada Net Position

	Governmental Activities		Business-type Activities		TOTAL		Increase (Decrease)	Percentage Change
	2016	2015	2016	2015	2016	2015		
Assets:								
Current and other assets	7,857,425	8,806,631	2,835,396	2,127,594	10,692,821	10,934,225	(241,404)	-2.21%
Capital Assets, Net	41,991,800	43,030,370	14,745,445	15,862,854	56,737,245	58,893,224	(2,155,979)	-3.66%
Total Assets	49,849,225	51,837,001	17,580,841	17,990,448	67,430,066	69,827,449	(2,397,383)	-3.43%
Deferred Outflows of Resources	1,887,970	1,743,506	411,605	378,036	2,299,575	2,121,542	0	100.00%
Liabilities:								
Current and other liabilities	912,110	1,083,023	1,185,116	1,030,779	2,097,226	2,113,802	(16,576)	-0.78%
Long-term liabilities:	-	-	-	-	-	-	-	-
Due Within One Year	1,042,579	989,951	637,358	630,987	1,679,937	1,620,938	58,999	3.64%
Due in more than one year	10,533,614	11,364,148	8,611,179	9,124,180	19,144,793	20,488,328	(1,343,535)	-6.56%
Net Pension Liability	13,536,507	11,546,667	2,874,662	2,503,753	16,411,169	14,050,420	2,360,749	100.00%
Total Liabilities	26,024,810	24,983,789	13,308,315	13,289,699	39,333,125	38,273,488	1,059,637	2.77%
Deferred Inflows of Resources	6,058,637	5,881,841	(7,326)	-	6,051,311	5,881,841	169,470	100.00%
Net Position								
Invested in Capital Assets Net of Debt	31,105,048	31,307,016	5,640,806	6,162,868	36,745,854	37,469,884	(724,030)	-1.93%
Restricted:								
Debt Service	1,042,579	992,144	370,000	365,000	1,412,579	1,357,144	55,435	4.08%
Capital Projects	1,826,102	1,683,173	9,032	9,018	1,835,134	1,692,191	142,943	8.45%
Economic Development	1,288,901	1,310,402	-	-	1,288,901	1,310,402	(21,501)	-1.64%
Unrestricted	(15,608,882)	(12,577,858)	(1,328,351)	(1,458,101)	(16,937,233)	(14,035,959)	(2,901,274)	20.67%
Total Net Position	19,653,748	22,714,877	4,691,487	5,078,785	24,345,235	27,793,662	(3,448,427)	-12.41%

The City's total assets decreased \$2,397,383 during 2016 with business-type activities showing a decrease of \$1,987,776 and governmental activities showing an decrease of \$409,607. The decrease in business-type activities is attributed to depreciation of assets.

The City's total liabilities increased \$1,059,637. The implementation of new pension standards from GASB 68 and 71 increased debt by \$2,360,749. Payments on long-term debt of \$958,549 were made from governmental funds and \$641,812 from business-type activities fund.

The City's net position decreased \$3,448,427 as a result of the above mentioned items.

The following table presents a summary of the changes in net position for the fiscal year ended September 30, 2016.

## City of Grenada Changes in Net Position

	Governmental Activities:		Business-Type Activities:		Total		(Decrease)	Change
	2016	2015	2016	2015	2016	2015	Increase	Percentage
Revenues:								
Program Revenues:								
Charges for services	\$ 979,077	\$ 827,084	5,763,273	5,288,288	6,742,350	6,115,372	626,978	10.25%
Operating grants and contributions	43,591	128,731	0	0	43,591	128,731	(85,140)	-66.14%
Capital Grant and contributions	554,756	467,191	0	0	554,756	467,191	87,565	18.74%
Total Program Revenues	1,577,424	1,423,006	5,763,273	5,288,288	7,340,697	6,711,294	629,403	9.38%
General Revenues:								
Property taxes	5,556,294	4,994,220			5,556,294	4,994,220	562,074	11.25%
Other taxes and licenses	5,092,124	5,879,437			5,092,124	5,879,437	(787,313)	-13.39%
Fines and forfeitures	902,372	867,819			902,372	867,819	34,553	3.98%
Intergovernmental	474,266	402,695			474,266	402,695	71,571	17.77%
Investment and other revenues	2,109	1,628	517	10	2,626	1,638	988	60.32%
Transfers in	0	0	39,038	300,892	39,038	300,892	(261,854)	-87.03%
Total General Revenues	12,027,165	12,145,799	39,555	300,902	12,066,720	12,446,701	(379,981)	-3.05%
Total Revenues	\$ 13,604,589	\$ 13,568,805	5,802,828	5,589,190	19,407,417	19,157,995	249,422	1.30%
Program Expenses:								
General government	2,916,473	2,804,273			2,916,473	2,804,273	112,200	4.00%
Public Property	1,296,397	961,066			1,296,397	961,066	335,331	34.89%
Public Safety	8,413,479	7,220,824			8,413,479	7,220,824	1,192,655	16.52%
Streets	1,673,958	1,442,242			1,673,958	1,442,242	231,716	16.07%
Motor vehicle maintenance	191,801	126,916			191,801	126,916	64,885	51.12%
Planning and zoning	205,889	217,376			205,889	217,376	(11,487)	-5.28%
Recreation and senior citizens	787,224	575,449			787,224	575,449	211,775	36.80%
Health and welfare	37,798	32,642			37,798	32,642	5,156	15.80%
Airport	452,911	453,508			452,911	453,508	(597)	-0.13%
Community Service	197,576	215,422			197,576	215,422	(17,846)	-8.28%
Appropriations and non-departmental	121,301	69,966			121,301	69,966	51,335	73.37%
Interest and fiscal charges	410,222	441,869			410,222	441,869	(31,647)	-7.16%
Water and Sewer			4,776,504	5,046,385	4,776,504	5,046,385	(269,881)	-5.35%
Solid Waste			706,941	730,407	706,941	730,407	(23,466)	-3.21%
Golf			706,680	709,057	706,680	709,057	(2,377)	-0.34%
Transfers out	(39,097)	300,892	0	0	(39,097)	300,892	(339,989)	100.00%
Total Program Expenses	16,665,932	14,862,445	6,190,125	6,485,849	22,856,057	21,348,294	1,507,763	7.06%
Increase (Decrease) in Net Position	\$ (3,061,343)	\$ (1,293,640)	(387,297)	(896,659)	(3,448,640)	(2,190,299)	(1,258,341)	57.45%

The City's governmental activities continue to be funded by sources other than property taxes, which comprise 28.16% of the total revenues. The other major revenue sources were sales and tourism taxes 26.47%, charges for services 34.17%, and grants and contributions 3.032%. The major expense activities were public safety 44.93%, General Government 15.65%, Public Property 7.76%, and Streets 8.31%. The City remains totally committed to providing the services our residents expect and need.

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

## FUND FINANCIAL ANALYSIS

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

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

As the year ended, the City's governmental funds reported a combined fund balance of \$19,653,748 which is \$3,061,129 below last year's total of \$22,714,877 due to GASB 68 Pension Liability. Total revenues were up \$575,386 and total expenditures were up \$1,847,152.

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

**Business-type funds.** Revenue from the Solid Waste, Golf, Water and Sewer Fund increased 8.98% percent to \$5,763,273 and expenses decreased 4.56% percent to \$6,190,125.

### Major Fund Budgeting Highlights

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

During the course of 2016, the City amended its general fund budget. All recommendations for budget changes come from the Chief Administrative Officer and are presented to the whole Mayor and City Council for ordinance enactment on the change. The City does not allow budget changes that modify line items with departments without board approval. With the general fund supporting many of our major activities such as our police and fire departments, as well as most legislative and executive activities, the General Fund is monitored closely looking for possible revenue shortfalls or over spending by individual departments. Revisions in the general fund increased budgeted expenditures by \$666,955.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At the end of 2016, the City had \$99,204,901 invested in a broad range of capital assets, including police and fire equipment, buildings, park and recreation facilities, streets, bridges, and water and sewer lines. This amount represents a net increase (including additions and deductions) of approximately \$754,349 or .77% percent over the prior year.

#### City of Grenada Capital Assets

	Governmental Activities:		Business-Type Activities:		Total		(Decrease)	Change
	2016	2015	2016	2015	2016	2015	Increase	Percentage
Land	\$ 5,328,260	\$ 5,328,260	424,801	424,801	\$ 5,753,061	\$ 5,753,061	\$ -	0.00%
Buildings	19,148,745	18,906,192	93,013	93,013	19,241,758	18,999,205	242,553	1.28%
Improvements other than buildings	9,700,958	9,476,477	0	0	9,700,958	9,476,477	224,481	2.37%
Machinery and equipment	8,167,588	8,037,340	2,447,697	2,423,103	10,615,285	10,460,443	154,842	1.48%
Infrastructure	10,860,029	10,860,029	0	0	10,860,029	10,860,029	-	0.00%
Construction in progress	0	0	0	0	-	-	-	0.00%
Water and Sewer system	0	0	42,155,992	42,155,992	42,155,992	42,155,992	-	0.00%
Vehicles	0	0	877,818	745,345	877,818	745,345	132,473	17.77%
Construction in progress	0	0	0	0	-	-	-	0.00%
Total Governmental Activities	\$ 53,205,580	\$ 52,608,298	\$ 45,999,321	\$ 45,842,254	\$ 99,204,901	\$ 98,450,552	\$ 754,349	0.77%

The City of Grenada continues to provide for the growth and stability of its citizenry through various construction and rehabilitation projects. The following highlights summarize the major project for the fiscal year of 2015-2016

- The airport taxiway project continued with expenditures of \$226,481 during the year. The project is fund under an FAA federal grant providing 90% of construction costs. An additional 5% of funding is being provided by the State of Mississippi from the Mississippi Department of Transportation matching grant.

## Long-term Debt

At year-end, the City had \$19,991,389 in bonds, notes and leases outstanding compared to \$21,337,330 last year, a decrease of \$1,345,941. Of the total debt outstanding \$9,675,000 is backed by the full faith and credit of the City with debt service funded by voter-approved property taxes. The other major components are notes payable to the State of Mississippi for building in the industrial park of \$654,330, and Bonds payable for water and sewer capital improvements of \$5,645,000 and are payable by Water Revenue.

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

The water meters are leased through Bancorp South Public, Inc. The initial lease term ends in 15 years. Renewal options are provided in the lease. Payments under the leases are made by the water and sewer fund. The remaining obligation under the current lease agreement at September 30, 2016 is \$3,307,469.

The following table illustrates the total Long-term Debt of the City of Grenada as of September 30, 2016:

### City of Grenada Long-Term Obligations at Year End

	Governmental Activities:		Business-Type Activities:		Total		(Decrease)	Change
	2016	2015	2016	2015	2016	2015	Increase	Percentage
General obligations bond	\$ 9,675,000	\$10,435,000			\$ 9,675,000	\$10,435,000	\$ (760,000)	-7.28%
Revenue bonds	-	-	5,645,000	6,010,000	5,645,000	6,010,000	(365,000)	-6.07%
Loans and Capital Leases	1,211,752	1,288,354	3,459,637	3,603,976	4,671,389	4,892,330	(220,941)	-4.52%
Compensated absences	689,441	630,744	143,897	141,189	833,338	771,933	61,405	7.95%
Total Governmental Activities	11,576,193	12,354,098	9,248,534	9,755,165	\$ 20,824,727	\$22,109,263	\$(1,284,536)	-5.81%

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

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's elected and appointed officials considered many factors when setting the fiscal-year 2016 budget, tax rates, and fees that will be charged for the business-type activities. The total property tax millage rate of 51.44 mills is expected for the following year.

### Contacting the City's Finance Department

This financial report is designed to provide our citizens, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need any additional information, contact the Chief Administrative Officer or City Clerk, at 108 South Main Street or P. O. Box 310, Grenada, MS 38901-0310.

## **BASIC FINANCIAL STATEMENTS**



**City of Grenada, Mississippi**  
**Statements of Net Position**  
**September 30, 2016**

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
<b>ASSETS</b>			
Cash	1,282,602	907,991	2,190,593
Receivables, net allowance for uncollectibles	5,418,771	1,011,700	6,430,471
Due from other governments	774,814	14,098	788,912
Due from other funds	112,062	72,971	185,033
Inventory	0	113,805	113,805
Resolute Forest Stock	149,315	0	149,315
Unamortized bond issuance cost	119,861	701,010	820,871
Other Assets	0	13,821	13,821
Capital assets:	0	0	0
Non-depreciable	5,328,260	424,401	5,752,661
Depreciable, net	36,663,540	14,321,044	50,984,584
Total Assets	<u>\$ 49,849,225</u>	<u>\$ 17,580,841</u>	<u>\$ 67,430,066</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows related to pensions	\$ 1,887,970	\$ 411,605	2,299,575
<b>LIABILITIES</b>			
Accounts payable	357,892	254,569	612,461
Accrued liabilities	305,429	62,399	367,828
Accrued Interest	0	0	0
Due to other funds	0	592,632	592,632
Due to other governments	0	134,059	134,059
Customer refundable meter deposits	0	53,630	53,630
Employer Contribution Payable	248,789	87,827	336,616
Noncurrent Liabilities:	0	0	0
Due within one year:	0	0	0
Bonds and leases payable	1,042,579	637,358	1,679,937
Due in more than one year:	0	0	0
Leases payable	969,173	3,192,281	4,161,454
Bonds payable	8,875,000	5,275,000	14,150,000
Compensated absences	689,441	143,898	833,339
Net Pension Liability	13,536,507	2,874,662	16,411,169
Total Liabilities	<u>\$ 26,024,810</u>	<u>\$ 13,308,315</u>	<u>\$ 39,333,125</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property tax for future reporting period	6,094,920	\$ -	6,094,920
Deferred Inflows related to pensions	(36,283)	\$ (7,326)	(43,609)
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	31,105,048	5,640,806	36,745,854
Restricted for:	0	0	0
Debt service	1,042,579	370,000	1,412,579
Capital projects	1,826,102	9,032	1,835,134
Special Revenue	1,288,901	0	1,288,901
Unrestricted	(15,608,882)	(1,328,351)	(16,937,233)
Total Net Position	<u>\$ 19,653,748</u>	<u>\$ 4,691,487</u>	<u>\$ 24,345,235</u>

The accompanying notes are an integral part of the financial statements

**City of Grenada, Mississippi**  
**Statement of Activities**  
**For the Year Ended September 30, 2016**

Functions/Programs	Program Revenues				Net (Expenses) Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 2,613,954	\$ 384,583	\$ 11,906	\$ -	\$ (2,217,465)	\$ -	\$ (2,217,465)
Public Property	1,296,397	270,181	0	328,853	(697,363)	0	(697,363)
Public Safety	7,505,924	6,460	0	0	(7,499,464)	0	(7,499,464)
Streets and sanitation	1,388,246	0	0	0	(1,388,246)	0	(1,388,246)
Motor vehicle maintenance	191,801	0	0	0	(191,801)	0	(191,801)
Planning and zoning	205,889	0	0	0	(205,889)	0	(205,889)
Recreation and senior citizens	602,553	42,520	17,750	0	(542,283)	0	(542,283)
Health and welfare	37,798	0	13,935	0	(23,863)	0	(23,863)
Airport	452,911	275,333	0	225,903	48,325	0	48,325
Community Service	197,576	0	0	0	(197,576)	0	(197,576)
Appropriations	121,301	0	0	0	(121,301)	0	(121,301)
Pension Expense	1,680,457	0	0	0	(1,680,457)	0	(1,680,457)
Interest on long-term debt	410,222	0	0	0	(410,222)	0	(410,222)
Total Governmental activities	\$ 16,705,029	\$ 979,077	\$ 43,591	\$ 554,756	\$ (15,127,605)	\$ -	\$ (15,127,605)
Business-type activities:							
Water and Sewer	4,518,376	4,581,438				63,062	63,062
Solid Waste	704,719	820,366				115,647	115,647
Dogwoods Golf	627,707	361,469				(266,238)	(266,238)
Pension Expense	339,323	0				(339,323)	(339,323)
Total business-type activities	6,190,125	5,763,273	0	0	0	(426,852)	(87,529)
Total	\$ 22,895,154	\$ 6,742,350	\$ 43,591	\$ 554,756	\$ (15,127,605)	\$ (426,852)	\$ (15,215,134)
General revenues:							
Taxes:							
Taxes levied for general purpose					5,556,294	0	5,556,294
Sales and gas taxes					4,525,307	0	4,525,307
Occupational licenses and franchise fees					551,689	0	551,689
Fines and forfeitures					902,372	0	902,372
Rents					0	0	0
Other intergovernmental revenues and grants					474,266	0	474,266
Investment earnings					2,109	517	2,626
Miscellaneous					15,128	0	15,128
Total general revenues					12,027,165	517	12,027,682
Transfers, net					39,097	39,038	78,135
Gain(Loss) on disposition of assets					0	0	0
Total general revenues & transfers					12,066,262	39,555	12,105,817
Change in net position					(3,061,343)	(387,297)	(3,448,640)
Net position-beginning					22,715,091	5,078,784	27,793,875
Net position-ending					\$ 19,653,748	\$ 4,691,487	\$ 24,345,235

The accompanying notes are an integral part of the financial statements

**CITY OF GRENADA, MISSISSIPPI**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	General Fund	2007 GO Bond	2011 GO Bond	UDAG	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash	\$ (1,700,225)	\$ 54	\$ 594	\$ 1,826,102	\$1,156,077	\$ 1,282,602
Receivables:						
Property Taxes	3,966,973	0	0	0	1,451,798	5,418,771
Due from Other Funds	0	0	0	291,479	112,333	403,812
Due from Other Governments	730,283	0	0	0	44,531	774,814
Resolute Forest Stock	0	0	0	149,315	0	149,315
Other	0	0	0	0	0	0
Total Assets	<u>\$ 2,997,031</u>	<u>\$ 54</u>	<u>\$ 594</u>	<u>\$ 2,266,896</u>	<u>\$2,764,739</u>	<u>\$ 8,029,314</u>

**LIABILITIES AND FUND BALANCES:**

Liabilities:

Accounts Payable	335,738	0	0	0	22,154	357,892
Accrued Liabilities	540,064	0	0	0	14,154	554,218
Due to Other Funds	72,884	15,383	349,251	8,882	0	446,400
Deferred Revenue	4,643,122	0	0	0	1,451,798	6,094,920
Total Liabilities	<u>5,591,808</u>	<u>15,383</u>	<u>349,251</u>	<u>8,882</u>	<u>1,488,106</u>	<u>7,453,430</u>

Fund Balances

Reserved for:

Special Projects	0	(15,329)	(348,657)		0	(363,986)
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Unreserved, reported in:

General Fund	(2,594,777)		0	0	0	(2,594,777)
Debt Service Funds	0	0	0	0	951,716	951,716
Special Revenue Funds	0	0	0	0	1,772,856	1,772,856
Capital Projects Funds	0	0	0	2,258,014	(1,447,939)	810,075
Total Fund Balances	<u>(2,594,777)</u>	<u>(15,329)</u>	<u>(348,657)</u>	<u>2,258,014</u>	<u>1,276,633</u>	<u>575,885</u>
Total Liabilities & Fund Balances	<u>\$ 2,997,031</u>	<u>\$ 54</u>	<u>\$ 594</u>	<u>\$ 2,266,896</u>	<u>\$2,764,739</u>	<u>\$ 8,029,314</u>

The accompanying notes are an integral part of the financial statements

**CITY OF GRENADA**  
**RECONCILIATION OF THE BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

Total Fund Balance-Total Governmental Funds	\$ 575,885
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds	
Governmental capital assets net of accumulated depreciation	41,991,800
Other assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds	
Bonds Costs Less current year amortization	(342,365)
Long-term liabilities, including bonds payable are not due payable in the current period and therefore are not reported in governmental funds	(10,886,752)
Net Pension obligations are not due and payable in the current period and are not reported in the funds	\$ (13,536,507)
Deferred inflows and outflows of resources related ro pensions are applicable to future periods and not reported in the funds	1,851,687
Net Position of Government Activities	\$ 19,653,748

The accompanying notes are an integral part of the financial statements

**CITY OF GRENADA, MISSISSIPPI**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	General Fund	2007 GO BOND	2011 GO BOND	UDAG	Other Governmental Funds	Total Governmental Funds
REVENUES:						
Property taxes	4,342,033	0	0	0	1,214,261	5,556,294
Franchise fees	465,389	0	0	0	0	465,389
Licenses and permits	86,300	0	0	0	0	86,300
Administrative fee	384,583	0	0	0	0	384,583
Intergovernmental	4,183,796	0	0	99,000	1,148,821	5,431,617
Fines and forfeits	889,353	0	0	0	0	889,353
Grand Gulf in lieu of taxes	166,305	0	0	0	0	166,305
Recreation fees	42,520	0	0	0	0	42,520
Confiscated monies	0	0	0	0	13,019	13,019
Rent	210,660	0	0	0	59,521	270,181
Interest	809	0	1	753	546	2,109
Miscellaneous	21,538	0	0	0	275,333	296,871
TOTAL REVENUES	10,793,286	0	1	99,753	2,711,501	13,604,540
EXPENDITURES:						0
General Government	1,450,964	0	0	0	51,188	1,502,152
Public property	799,850	0	0	94,950	7,987	902,787
Public safety	7,213,812	0	0	0	60,886	7,274,698
Streets and sanitation	1,386,409	0	0	0	0	1,386,409
Motor vehicle maintenance	191,801	0	0	0	0	191,801
Planning and zoning	205,889	0	0	0	0	205,889
Recreation and senior citizens	535,857	0	0	0	295,335	831,192
Community Services	197,576				0	197,576
Health and welfare	0	0	0	0	37,798	37,798
Airport	0	0	0	0	282,004	282,004
Appropriations and non-departmental	121,301	0	0	0	0	121,301
Unrealized decline in value	0	0	0	0	0	0
Capital Outlay	42,397	0	0	0	554,885	597,282
Debt service:	0	0	0	0	0	0
Principal retirement	124,253	0	0	0	834,294	958,547
Interest and other	9,633	0	0	0	393,919	403,552
TOTAL EXPENDITURES	12,279,742	0	0	94,950	2,518,296	14,892,988
Excess (deficiency) of revenues over expenditures	(1,486,456)	0	1	4,803	193,205	(1,288,448)
Other financing sources (uses):						
Sales of assets	0					0
Bond and loan proceeds	0	0	0	0	121,945	121,945
Transfers in	0	0	0	0		0
Transfers out	0	0	0	0	(39,038)	(39,038)
Total other financing sources (uses)	0	0	0		160,983	160,983
Net change in Fund Balances	(1,486,456)	0	1	4,803	354,188	(1,127,465)
Fund Balances-Beg of year as adjusted	(1,117,201)	(15,329)	(348,658)	2,262,093	922,445	1,703,350
Fund Balances - End of year	(2,603,657)	(15,329)	(348,657)	2,266,896	1,276,633	575,885

The accompanying notes are an integral part of the financial statements



**CITY OF GRENADA, MISSISSIPPI**  
**RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUNDS BALANCES OF GOVERNMENTAL FUNDS TO THE**  
**STATEMENTS OF ACTIVITIES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

Net change in fund balances-total governmental funds		\$ (1,127,465)
Amounts reported for governmental activities in the statement are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.		
Expenditures for capital assets	597,282	
Less current year depreciation	<u>(1,689,358)</u>	(1,092,076)
Repayment of bond and loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount of bond and loan principal repayments.		958,547
Proceeds of long-term debt is another financing source in the governmental funds, but the proceeds increase long-term liabilities in the statement of net assets. This is the amount of note payable proceeds	(121,945)	(121,945)
Some expenses reported in the Statement of Activities do not require the use of current available resources and therefore are not reported as expenditures in the governmental funds		
Amortization of bonds costs		(18,555)
Decrease in accrual for compensated absences		(58,697)
Change in accrual adjustment		79,305
Some items reported in the statement of Activities relating to GASB 64 are not reported in the governmental funds.		
Recording of pension expense for the current period		(1,680,457)
Recording of contributions made subsequent to the measurement date		0
Change in Net Assets of Governmental Activities		<u>\$ (3,061,343)</u>

The accompanying notes are an integral part of the financial statements

**CITY OF GRENADA, MISSISSIPPI**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

Business Type Activities-Enterprise Fund

ASSETS	Water and Sewer Fund	Solid Waste Fund	Golf Fund	Total
Current Assets:				
Cash and Cash equivalents	\$ 494,542	\$ 392,194	\$ 21,255	\$ 907,991
Accts Rec less allowance	716,197	287,231	\$ 8,272	1,011,700
Due from other funds	51,042	5,726	16,203	72,971
Due from other govt	14,098	0	0	14,098
Bond Escrow	4,139	0	0	4,139
Inventory	108,805	0	5,000	113,805
Total Current Assets	<u>1,388,823</u>	<u>685,151</u>	<u>50,730</u>	<u>\$ 2,124,704</u>
Non-Current Assets:				
Restricted:				
Cash	\$ 9,032			\$ 9,032
Capital Assets:				
Land	424,401			424,401
Building and improvements	93,013			93,013
Water and sewer system	41,989,689			41,989,689
Equipment	1,915,591	50,458	575,953	2,542,002
Vehicles	868,008	54,416	27,791	950,215
Less accumulated depreciation	<u>(30,845,851)</u>	<u>(88,374)</u>	<u>(319,650)</u>	<u>(31,253,875)</u>
Total Fixed Assets	14,444,851	16,500	284,094	14,745,445
Non Current Assets				
Refunding Debt Reserve	567,380	0	0	567,380
Unamortized bond costs	468,182	0	0	468,182
Accumulated Amortization	(334,552)	0	0	(334,552)
Deposits	650	0	0	650
Total Non Current Assets	<u>701,660</u>	<u>0</u>	<u>0</u>	<u>701,660</u>
Total Assets:	<u><u>16,544,366</u></u>	<u><u>701,651</u></u>	<u><u>334,824</u></u>	<u><u>17,580,841</u></u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred Outflows related to pensions	310,832	\$ 1,969	\$ 98,804	411,605
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**CITY OF GRENADA, MISSISSIPPI**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**  
Business Type Activities-Enterprise Fund

	Water and Sewer Fund	Solid Waste Fund	Golf Fund	Total
<b>LIABILITIES:</b>				
Current Liabilities:				
Accounts Payable	171,770	55,237	27,562	254,569
Accrued Payroll	29,222	0	9,648	38,870
Accrued liabilities	8,192		2,002	10,194
Customer refundable meter deposits	53,630	0	0	53,630
Accrued sales taxes	13,335	0	0	13,335
Due to other government	134,059	0	0	134,059
Due to other funds	0	62,931	529,701	592,632
Employer Contribution Payable	66,302	470	21,055	87,827
Leases payable-current	241,548	0	25,810	267,358
Revenue bonds payable	370,000	0	0	370,000
Total Current Liabilities	<u>1,088,058</u>	<u>118,638</u>	<u>615,778</u>	<u>1,822,474</u>
Non-Current Liabilities:				
Leases payable after one year	3,187,571		4,710	3,192,281
Revenue Bonds Payable	5,275,000		0	5,275,000
Compensated Absences	115,084	0	28,814	143,898
Net Pension Liability	2,170,689	14,940	689,033	2,874,662
Total Non-current Liabilities	<u>10,748,344</u>	<u>14,940</u>	<u>722,557</u>	<u>11,485,841</u>
Total Liabilities	<u>\$ 11,836,402</u>	<u>\$ 133,578</u>	<u>\$ 1,338,335</u>	<u>\$ 13,308,315</u>

**DEFERRED INFLOWS OF RESOURCES**

Pensions	<u>\$ (5,573)</u>	<u>\$ (48)</u>	<u>\$ (1,705)</u>	<u>(7,326)</u>
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**NET POSITION**

Invested in capital assets	5,370,732	16,500	253,573	5,640,805
Restricted:	0	0	0	0
Debt Service	370,000	0	0	370,000
Capital Projects	9,032	0	0	9,032
Unrestricted	<u>\$ (725,365)</u>	<u>553,590</u>	<u>(1,156,575)</u>	<u>(1,328,350)</u>
Total Net Position	<u>\$ 5,024,399</u>	<u>\$ 570,090</u>	<u>\$ (903,002)</u>	<u>\$ 4,691,487</u>

The accompanying notes are an integral part of the financial statements

**CITY OF GRENADA, MISSISSIPPI**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

Business-Type Activities-Enterprise Funds

	Water and Sewer	Solid Waste	Golf	Total
Operating revenues:				
Water Sales	\$ 2,972,765	\$ -	0	\$ 2,972,765
Sewer Sales	1,294,963	0	0	1,294,963
Garbage fees	0	820,366	0	820,366
Other charges for services	313,710	0	0	313,710
Grants	0	0	0	0
Golf fees	0	0	231,972	231,972
Sponsorships	0	0	69,925	69,925
Food and Beverage	0	0	35,650	35,650
Golf Merchandise	0	0	23,922	23,922
Total Operating revenues	4,581,438	820,366	361,469	5,763,273
Operating Expenses:				
Salaries and wages	\$ 820,899	\$ 6,783	\$ 251,723	1,079,405
Payroll taxes and retirement	187,868	488	50,793	239,149
Pension Expense	258,128	2,222	78,973	339,323
Insurance	359,485	0	62,678	422,163
Supplies, material and maintenance	474,096	323	129,108	603,527
Utilities and communications	344,826	0	41,382	386,208
Contractual services	316,828	697,125	36,388	1,050,341
General and administrative	384,583	0	0	384,583
Depreciation	1,220,972	0	53,506	1,274,478
Amortization	148,735			148,735
Total operating expenses	4,516,420	706,941	704,551	5,927,912
Income (loss) from operations	65,018	113,425	(343,082)	(164,639)
Non-operating revenues, expenses:				
Interest income	517		0	517
Interest expenses	(260,084)		(2,129)	(262,213)
Transfer Out	0			0
Transfer In	0		39,038	39,038
	(259,567)	0	36,909	(222,658)
Changes in net position	(194,549)	113,425	(306,173)	(387,297)
Net position-beginning	5,218,947	456,664	(596,827)	5,078,784
Net position-ending	\$ 5,024,398	\$ 570,089	\$ (903,000)	\$ 4,691,487

The accompanying notes are an integral part of the financial statements

**CITY OF GRENADA, MISSISSIPPI**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Water	Solid Waste	Golf	Total
Cash flows from operating activities:				
Cash received from customers	\$ 4,581,942	\$ 820,366	\$ 361,469	\$ 5,763,777
Cash payments for goods and services	(1,691,950)	(697,447)	(203,503)	(2,592,900)
Cash payments for payroll, payroll taxes and retirement	(1,211,165)	(7,271)	(363,072)	(1,581,508)
Cash received-operating grant	-			
Net cash provided by operating activities	1,678,827	115,648	(205,106)	1,589,369
Cash flows from non-capital financing activities:				
Advances from other funds	-	55,957	277,220	333,177
Net cash provided by non-capital financing activities	-	55,957	277,220	333,177
Cash flows from capital and related financing activities:				
Repay other funds	(327,851)	-	-	(327,851)
New debt	132,473	-	-	132,473
Principal payments on capital leases	-	-	-	-
Interest on capital leases	-			
Acquisition and construction of capital assets	(157,069)		-	(157,069)
Principal payments on St of MS revolving loan	-			-
Interest payments on St of MS revolving loan	-			-
Retirement of revenue bonds	(586,771)		(55,491)	(642,262)
Interest paid on revenue bonds	(260,084)		(2,129)	(262,213)
Net cash provided (used) by capital and related financing activities	(1,199,302)	-	(57,620)	(1,256,922)
Cash flows from investing activities:				
Interest received on cash and cash equivalents	517		-	517
Net cash provided (used) by investing activities	517	-	-	517
Net increase (decrease) in cash for the year	480,042	171,605	14,494	666,141
Cash and cash equivalents, beginning of year	23,532	220,589	6,761	250,882
Cash and cash equivalents, end of year	503,574	392,194	21,255	917,023



**CITY OF GRENADA, MISSISSIPPI**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Water	Solid Waste	Golf	Total
To net Cash provided by operating Activities:				
Income (loss) from operations	\$ 65,018	\$ 113,425	\$(343,082)	\$ (164,639)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	1,220,972	-	53,506	1,274,478
Amortization	148,735			148,735
Changes in assets and liabilities:				-
(Increase) decrease in net accounts receivable	(109,630)	2,223	-	(107,407)
(Increase) decrease in due from other funds		-	84,470	84,470
(Increase) decrease in unbilled revenues				-
(Increase) decrease in other liabilities	(276,751)		-	(276,751)
Increase (decrease) in accounts payable	(50,253)	-	-	(50,253)
(Increase) decrease in due to agency funds		-	-	-
(Increase) decrease in accrued personnel services	(22,921)			(22,921)
Increase (decrease) in due to other funds	(327,851)	-	-	(327,851)
(Increase) decrease in accrual for compensated absences	(4,590)	-	-	(4,590)
(Increase) decrease in other assets	(123,032)			(123,032)
Increase (decrease) in leases payable			-	-
Increase (decrease) in due to other governments	(39,655)			(39,655)
Net Cash provided by operating activities	<u>\$ 480,042</u>	<u>\$ 115,648</u>	<u>\$(205,106)</u>	<u>\$ 390,584</u>

The accompanying notes are an integral part of the financial statements

**CITY OF GRENADA, MISSISSIPPI**  
**AGENCY FUNDS**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Insurance Fund	Tax Collector's Fund	Evidence Fund	Total
<b>ASSETS</b>				
Cash	\$ 169,214	\$ 54,452	\$20,533	244,199
Due from Governmental Funds	0	3,029		3,029
Due from Other Funds	0	0	0	0
Due from others		26,484		26,484
Total Assets	<u>169,214</u>	<u>83,965</u>	<u>20,533</u>	<u>273,712</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	20,533	20,533
Due to other funds	156,098	0		156,098
Due to others	13,116	55,729		68,845
Due to Governmental Fund		28,236		28,236
Total Liabilities	<u>\$ 169,214</u>	<u>\$ 83,965</u>	<u>\$20,533</u>	<u>273,712</u>

The accompanying notes are an integral part of the financial statements

## **NOTES TO FINANCIAL STATEMENTS**

**CITY OF GRENADA, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30,2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Financial Reporting Entity**

The City of Grenada is located in Grenada County, Mississippi, and operates under a Council-Manager form of government. The City provides the following services to the citizenry: general administration; police and fire protection; street repair; water, sanitary sewer, and garbage disposal; parks and library services; and Golf Course.. The primary sources of revenues are property taxes, sales taxes, and utility billings. For financial reporting purposes, the reporting entity includes all funds that are covered by the oversight responsibility of the City's governing board. As required by generally accepted accounting principles, various criteria are applied in order to determine any component units that should be reported as part of the City. Such criteria include management oversight responsibility by the elected officials such as decision-making authority, accountability to the City, legal and financial responsibility, and inter-agency relationships. Based upon the application of these criteria, there are no component units required by GAAP to be reported as part of the reporting entity of the City. The following represents an entity to which the City has a combined interest in conjunction with another government:

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

**B. Government-wide and Fund Financial Statements**

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

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

Government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all non-fiduciary activities of the government. For the most part the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Net Position presents the financial condition of the governmental activities-and business-type activities of the City at year-end. The statement of activities demonstrates the degree to which direct expenses of a given function or segments are offset by program revenues.

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

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

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

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

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

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

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

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

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



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

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

The City reports the following major governmental funds:

General Fund – The general fund is the primary operating fund of the City. It is used to account for all financial resources of the general government, except those required to be accounted for in another fund.

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

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

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

The City reports the following proprietary funds.

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

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

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

## **GOVERNMENTAL FUND TYPES**

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

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

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

## **PROPRIETARY FUND TYPES**

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

## **FIDUCIARY FUND TYPES**

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

### **D. Cash and Cash Equivalents**

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

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

### **E. Inventories**

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

### **F. Capital Assets, Depreciation, and Amortization**

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

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

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

## **G. Long-Term Debt**

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

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

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

## **H. Deferred Outflows/Inflows of Resources**

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

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

## **I. Fund Equity**

Government-wide Financial Statements:

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

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

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

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

## Fund Financial Statements:

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

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

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

### **J. Compensated Employee Absences**

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

### **K. Revenues-Exchange and Non-exchange Transactions**

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

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

### **L. Risk Management**

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

## **M. Estimates and Assumptions**

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

## **N. Property Taxes**

Property taxes attach as an enforceable lien on property as of January 1<sup>st</sup>. Taxes levied on October 1<sup>st</sup> and are due and payable at that time. All unpaid taxes levied October 1<sup>st</sup> become delinquent February 1<sup>st</sup> of the following year. Delinquent taxes are considered fully collectible and therefore no allowance for uncollectible taxes is provided. The millage rate for the City for the 2015 tax roll was 55.19 mills as: 41.85 mills for the general fund, 11.915 mills for the debt service fund, and 1.425 mills for library maintenance.

## **Note 2 BUDGET POLICY**

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

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

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

**NOTE 3    (This note left blank intentionally)**

**NOTE 4   CASH**

Cash

The carrying amount of the City's total deposits with financial institutions at September 30, 2016 was \$2,412,637.30 and the bank balance was \$2,502,894.05.. The collateral for public entities' deposits in financial institutions are held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation.

**Custodial Credit Risk- Deposits.** Custodial credit risk is the risk that in the event of the failure of a financial institution, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City does not have a formal policy for custodial credit risk.

However, the Mississippi State Treasurer manages that risk on behalf of the City. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the City.

## NOTE 5 RECEIVABLES, UNCOLLECTIBLES, AND DEFERRED REVENUE

### Enterprise Receivables

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

Accounts receivable at September 30, 2016 were	\$2,045,898
Less Allowance for Uncollectible	<u>(\$1,034,198)</u>
Net Accounts Receivable	<u>\$1,011,700</u>

### Governmental Receivables

In the government-wide financial statements, the receivables and related revenues include all amounts due the City regardless of when cash is received. In the governmental fund financial statements, the revenues are offset and revenue recognition deferred by the amounts not received within 60 days of fiscal year-end. Intergovernmental receivables at September 30, 2016 include the following:

<u>State of Mississippi:</u>	Sales Tax	\$ 730,283
	Tourism Tax	<u>44,530</u>
	Total Intergovernmental Receivables	<u>\$ 774,814</u>



# NOTE 6: CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2016 was as follows:

	Beginning Balance 10/1/2015	Additions	Retirements	Ending Balance 9/30/2016
Governmental Activities:				
Non-depreciable assets:				
Land	\$ 5,328,260	\$ -	\$ -	5,328,260
Depreciable assets:				0
Buildings	18,906,192	242,553	0	19,148,745
Improvements	9,476,477	224,481	0	9,700,958
Machinery and equipment	8,037,340	130,248	0	8,167,588
Infrastructure	10,860,029	0	0	10,860,029
Construction in process	0	0	0	0
Totals at historical cost	52,608,298	597,282	0	53,205,580
Less accumulated depreciation for:				
Buildings	1,439,119	172,192		1,611,311
Improvements	2,947,548	562,152		3,509,700
Machinery and equipment	3,407,969	451,261		3,859,230
Infrastructure	1,783,293	503,753		2,287,046
Total accumulated depreciation	9,577,929	1,689,358		11,267,287
Governmental activities capital assets, net	<u>\$43,030,369</u>	<u>\$(1,092,076)</u>	<u>\$ -</u>	<u>\$41,938,293</u>
Business-type Activities:				
Non-depreciable assets:				
Land	424,801	-		424,801
Depreciable assets:	0			0
Buildings	93,013	-		93,013
Water and sewer system	42,155,992	0		42,155,992
Machinery and equipment	2,423,103	24,594		2,447,697
Vehicles	745,345	132,473		877,818
Construction in process	-	0		0
Totals at historical cost	45,842,254	157,067	-	45,999,321
Less accumulated depreciation for:				
Buildings	93,013	0		93,013
Water and sewer system	26,992,123	923,024		27,915,147
Machinery and equipment	2,119,102	289,261		2,408,363
Vehicles	775,161	8,687		783,848
Total accumulated depreciation	29,979,399	1,220,972	-	31,200,371
Business-type activities capital assets, net	<u>15,862,855</u>	<u>(1,063,905)</u>	<u>-</u>	<u>14,798,950</u>

**NOTE 6: DEPRECIATION**

	<u>Governmental</u>	<u>Proprietary</u>	<u>Total</u>
General government	131,252		131,252
Public property	980,492		980,492
Public safety	263,201		263,201
Streets and sanitation	94,786		94,786
Motor vehicle maintenance	11,205		11,205
Recreation and senior citizens	37,515		37,515
Airport	170,907		170,907
Buildings		-	-
Vehicles		8,687	8,687
Machinery & Equipment		289,261	289,261
Water and Sewer		923,024	923,024
Total depreciation expense	<u>1,689,358</u>	<u>1,220,972</u>	<u>2,910,330</u>

## NOTE 7 LONG-TERM DEBT

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

<u>Date Issued</u>	<u>Definition and purpose</u>	<u>Beginning Balance Oct. 1, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance Sept. 30, 2016</u>	<u>Amounts Due Within One Year</u>
<b>GOVERNMENTAL ACTIVITIES:</b>						
GENERAL OBLIGATION BONDS:						
12/1/2007	\$3,500,000 Public Improvement Bonds Series 2007. Principal payments due annually, varying in amounts from \$240,000 to \$480,000 beginning on December 1, 2008. Final installment due December 1, 2027. Interest payable at various rates from 3.625% to 4.5%. Paying to M&F Bank	2,615,000	0	150,000	2,465,000	155,000
11/12/2009	GO Re-funding Bonds Series 2009. Principal payments due annually, varying in amounts from 50,000 to 380,000 beginning on December 1, 2009. Final installment due December 1, 2018. Interest payable at various rates from .75% to 3.75%. Paying to Peoples Bank.	1,420,000	0	335,000	1,085,000	345,000
6/1/2011	\$7,400,000 Public Improvements Bonds, Series 2011. Principal payments due annually, varying in amounts from \$225,000 to \$550,000 beginning on June 1, 2012. Final installment due June 1, 2031. Interest payable on December 1 and June 1 at various rates from 4.4% to 3.7%. Paying to First National Bank of Clarksdale	6,400,000	0	275,000	6,125,000	300,000
	<b>TOTAL BONDS</b>	<b>10,435,000</b>	<b>0</b>	<b>760,000</b>	<b>9,675,000</b>	<b>800,000</b>

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

Date Issued	Definition and purpose	Beginning Balance Oct.1, 2015	Additions	Reductions	Ending Balance Sept. 30, 2016	Amounts Due Within One Year
NOTES PAYABLE:						
7/22/1999	State of Mississippi-Capital Improvements Revolving Loan for manufacturing building. Rent from building pays 240 monthly payments of \$3,202.01 starting September 1, 1999 including interest at 4.65%.	140,582	0	35,197	105,385	35,040
10/6/2014	Miss. Development Authority Cap loan for Suburban Plastics \$695,427.00 @3% for 120 payments of \$6,695.78. Suburban Plastics will pay City of Grenada 120 payments of \$6,695.78 per month to repay CAP Loan	571,482	121,945	39,097	654,330	60,978
	TOTAL NOTES	712,064	121,945	74,294	759,715	96,018
LONG TERM LIABILITIES:						
12/28/2010	Fire Truck, Rescue Pumper \$499,295, Regions Bank; 3.78% int, 10 ann. rent pmts @ 60,866.22	272,738	0	0	272,738	50,577
2/23/2012	AVAYA IP Phone System - \$48,700.00 Regions Bank , 4.75% int. 60 monthly pymts at \$913.46	14,950	0	10,517	4,433	4,433
1/23/2013	2004 Int Bucket Truck \$71,000.00, Regions Bank 2.43% int. 60 monthly pymts at \$1257.87.	34,202	0	14,423	19,779	14,778
4/11/2013	Kabota Tractor, Mower, and Cutter \$93,171.52 Regions Bank 2.43% int. 48 monthly pymts at \$2,038.90.	37,923	0	23,808	14,115	14,115
5/24/2013	Two Ford F750 Dump Trucks \$157,249.00 pymts of \$3,439.56	67,347	0	40,097	27,250	27,250
12/15/2013	Police Radios financed with Motorola \$183,557.13 at 3.45% in 5 annual payments of \$40,552.70	149,130	0	35,408	113,722	35,408
	TOTAL LEASES	576,290	0	124,253	452,037	146,561
	SUBTOTAL BONDS, NOTES, LEASES	11,723,354	121,945	958,547	10,886,752	1,042,579
OTHER LIABILITIES:						
	Compensated Absences	630,744	58,697	0	689,441	
<b>Total Governmental Activities &amp; Long-Term Liabilities</b>		<b>\$ 12,354,098</b>	<b>\$ 180,642</b>	<b>\$ 958,547</b>	<b>\$ 11,576,193</b>	<b>\$ 1,042,579</b>

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

Date Issued	Definition and purpose	Beginning Balance Oct. 1, 2015	Additions	Reductions	Ending Balance Sept. 30, 2016	Amounts Due Within One Year
<b>BUSINESS TYPE ACTIVITIES:</b>						
REVENUE BONDS (WATER & SEWER ENTERPRISE FUND):						
5/21/2013	\$7,020,000 Combined Water and Sewer System Revenue Refunding Bonds, Series 2013 2.49% net interest	6,010,000	0	365,000	5,645,000	370,000
	<b>TOTAL BONDS PAYABLE</b>	<b>6,010,000</b>	<b>0</b>	<b>365,000</b>	<b>5,645,000</b>	<b>370,000</b>
OTHER NOTES PAYABLE (WATER & SEWER ENTERPRISE FUND)						
2/6/2014	Bancorpsouth Equipment for 8,201 water meters and upgrade 2,952 light fixtures. \$3,582,000.00 for 15 years and 10 months for 57 monthly payments of \$80,992.09.	3,517,965	0	210,496	3,307,469	217,527
6/3/2016	Four Ford 2016 F350 Trucks-Ford Motor Credit. \$2,513.93 mo. 60 mo. 5.45%		132,473	10,825	121,648	24,019
OTHER NOTES PAYABLE (GOLF ENTERPRISE FUND)						
11/14/2013	Golf carts financed by PNC Equipment Finance for 36 monthly payments of \$4,006.00	63,373	0	46,706	16,667	16,667
4/2/2014	Golf Course equipment financed by Wells Fargo Leasing at \$794.21 per month for 48 months	22,638	0	8,785	13,853	9,143
Total Other Notes Payable		3,603,976	132,473	276,812	3,459,637	267,356
Total Bonds and notes payables		9,613,976	132,473	641,812	9,104,637	637,356
Compensated absences		141,189	2,708	-	143,897	-
Total Business-type Activities LTD		<u>\$ 9,755,165</u>	<u>\$ 135,181</u>	<u>\$ 641,812</u>	<u>\$ 9,248,534</u>	<u>\$ 637,356</u>

**OPERATING LEASES :**

At September 30, 2016, the City Proprietary fund was obligated to:

9/30/2017	31,517.88
9/30/2018	31,517.88
9/30/2019	23,638.41
<b>TOTAL</b>	<b>86,674.17</b>

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

**ANNUAL DEBT SERVICE**

<b><i>Year Ended September 30</i></b>	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>
	<b><i>Principal</i></b>	<b><i>Interest</i></b>	<b><i>Principal</i></b>	<b><i>Interest</i></b>	
0	0	0	0	0	0
2017	1,143,233	384,166	636,670	244,439	2,408,508
2018	1,017,644	346,093	609,863	229,400	2,203,000
2019	1,069,338	309,282	624,078	214,737	2,217,435
2020	628,245	267,796	633,334	169,678	1,699,053
2021 - 2025	3,398,935	1,001,076	3,308,276	755,856	8,464,143
2026 - 2030	3,197,969	412,542	3,292,416	268,109	7,171,036
2031 - 2034	431,388	20,350	0	0	451,738
<b>Total</b>	<b>\$10,886,752</b>	<b>\$2,741,305</b>	<b>\$ 9,104,637</b>	<b>\$1,882,219</b>	<b>\$ 24,614,913</b>

## NOTE 8 INTERFUND TRANSACTIONS

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

Balances at September 30, 2016 were as follows:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Dogwoods Golf	Special Tourism	\$39,037

Individual fund inter-fund advance balances at September 30, 2016 arising from these transactions were as follows:

<u>Receivable Funds</u>	<u>Payable Funds</u>	<u>Amount</u>
Governmental	Proprietary	\$592,632
Governmental	Agency	\$ 72,971
Governmental	Govt	\$ 3,029
Governmental	Agency	<u>\$108,334</u>
Total		<u>\$776,966</u>

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



## NOTE 9 DEFINED BENEFIT PENSION PLAN

### General Information about the Pension Plan

**Plan Description.** The City of Grenada contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit public employee retirement system. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. Section 25-11-1 et seq. (1972, as amended) and may be amended only by the Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Public Employee's Retirement System of Mississippi, PERS Building, 429 Mississippi Street, Jackson, MS 39201 or by calling (601) 359-3589 or 1-800-444-PERS.

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

**Contributions.** PERS members are required to contribute 9.00% of their annual covered salary that City of Grenada is required to contribute at an actuarially determined rate. The current rate is 15.75% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The City's contributions to PERS for the fiscal years ending September 30, 2016, 2015, and 2014 were \$981,107, \$885,740, and \$909,053, respectively, which equaled the required contribution for each year.

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

At September 30, 2016, the City reported a liability of \$16,411,169 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 City's proportion of the net pension liability was based on a projection of the City's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. At June 30, 2016 the City's proportion was .091875% percent.

For the fiscal year ended September 30, 2016, the City recognized pension expense of \$2,019,780. At September 30, 2016 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows Resource	Deferred Inflows of Resources
Differences between expected and actual experience	457,752	
City pension contributions subsequent to the measure date	262,758	
Changes in assumptions	773,657	-43,609
Net difference between projected and actual investment earnings	1,111,776	
Changes in proportion and differences between ER contributions and proportionate share of ER contributions		
Total	2,605,943	-43,609

The 262,758 of deferred outflows of resources resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Fiscal year ending September 30,	Amount
2017	798,358
2018	601,103
2019	575,908
2020	324,206
Total	2,299,575

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

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

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

The actuarial assumptions used in the June 30, 2016 valuation was based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2014. The experience report is dated May 4, 2015.

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

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

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

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

- The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 8 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% - percentage point lower (7% percent) or 1% - percentage point higher (9 percent) than the current rate:

	1% Decrease (7.00%)	Current Discount rates (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability	21,042,798	16,411,169	12,568,418

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

## **NOTE 10 COMMITMENTS AND CONTINGENCIES**

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

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

## **NOTE 11 RISK MANAGEMENT**

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

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

## **NOTE 12 SUBSEQUENT EVENTS**

Subsequent events have been evaluated through December 28, 2017, which is the date that the financial statements were issued.

## REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF GRENADA MISSISSIPPI**  
**BUDGET COMPARISON SCHEDULE - CASH BUDETARY BASIS UNAUDITED**  
**YEAR ENDED SEPTEMBER 30, 2016**

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
GENERAL FUND				
Revenue				
GENERAL FUND REV				
TAXES	\$3,817,316	\$4,256,060	\$4,256,060	\$0
TAXES - PRIOR YEARS	\$10,000	\$10,954	\$10,954	\$0
LICENSE AND PERMITS	\$1,105,000	\$961,035	\$963,466	\$2,431
STATE REVENUE	\$4,874,594	\$4,850,556	\$4,850,556	\$0
ROAD TAX	\$185,000	\$180,909	\$180,909	\$0
FINES AND FORFEITS	\$850,000	\$889,598	\$889,353	(\$245)
ACCIDENT & OFFENSE REPORT	\$6,000	\$6,460	\$6,460	\$0
MISCELLANEOUS REVENUE	\$425,600	\$300,451	\$301,616	\$1,165
MISC REV	\$0	\$0	\$0	\$0
GENERAL FUND REV Total	\$11,273,510	\$11,456,022	\$11,459,374	\$3,351
Revenue Total	\$11,273,510	\$11,456,022	\$11,459,374	\$3,351
Expenditure				
G & A				
PERSONNEL SERVICES	(\$1,077,038)	(\$1,084,211)	(\$1,084,211)	\$0
CONSUMABLE SUPPLIES	(\$15,850)	(\$23,884)	(\$23,884)	\$0
CONTRACTUAL/OTHER SERVICE	(\$214,850)	(\$307,420)	(\$314,941)	(\$7,521)
CAPITAL OUTLAY	(\$3,500)	(\$9,147)	(\$9,147)	\$0
G & A Total	(\$1,311,238)	(\$1,424,662)	(\$1,432,183)	(\$7,521)
P & Z				
PERSONNEL SERVICES	(\$176,201)	(\$190,636)	(\$190,636)	\$0
CONSUMABLE SUPPLIES	(\$5,400)	(\$4,497)	(\$4,497)	\$0
CONTRACTUAL/OTHER SERVICE	(\$10,495)	(\$8,888)	(\$8,888)	\$0
CAPITAL OUTLAY	(\$1,050)	(\$694)	(\$694)	\$0
P & Z Total	(\$193,146)	(\$204,715)	(\$204,715)	\$0
APPROPRIATIONS				
CONTRACTUAL/OTHER SERVICE	(\$119,300)	(\$121,301)	(\$121,301)	\$0
APPROPRIATIONS Total	(\$119,300)	(\$121,301)	(\$121,301)	\$0
POLICE				
PERSONNEL SERVICES	(\$2,424,885)	(\$2,833,104)	(\$2,833,104)	\$0
CONSUMABLE SUPPLIES	(\$183,600)	(\$161,914)	(\$161,914)	\$0
CONTRACTUAL/OTHER SERVICE	(\$589,600)	(\$698,566)	(\$698,502)	\$64
CAPITAL OUTLAY	(\$78,811)	(\$79,229)	(\$79,229)	\$0
POLICE Total	(\$3,276,896)	(\$3,772,813)	(\$3,772,749)	\$64
DOMESTIC VIOLENCE				
PERSONEL SERVICES	\$0	\$0	\$0	\$0
CONTRACTUAL/OTHER SERVICE	\$0	\$0	\$0	\$0
DOMESTIC VIOLENCE Total	\$0	\$0	\$0	\$0
COURT				
PERSONNEL SERVICES	(\$342,485)	(\$273,853)	(\$273,853)	\$0
CONSUMABLE SUPPLIES	(\$6,950)	(\$4,984)	(\$4,984)	\$0
CONTRACTUAL/OTHER SERVICE	(\$335,195)	(\$416,033)	(\$416,033)	\$0
CAPITAL OUTLAY	(\$25,000)	(\$1,128)	(\$1,128)	\$0
COURT Total	(\$709,630)	(\$695,998)	(\$695,998)	\$0



**CITY OF GRENADA MISSISSIPPI**  
**BUDGET COMPARISON SCHEDULE - CASH BUDETARY BASIS UNAUDITED**  
**YEAR ENDED SEPTEMBER 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>FIRE</b>				
<b>PERSONNEL SERVICES</b>	(\$2,326,975)	(\$2,530,588)	(\$2,530,588)	\$0
<b>CONSUMABLE SUPPLIES</b>	(\$61,050)	(\$65,158)	(\$65,158)	\$0
<b>CONTRACTUAL/OTHER SERVICE</b>	(\$114,400)	(\$107,760)	(\$107,760)	\$0
<b>CAPITAL OUTLAY</b>	(\$12,500)	(\$3,074)	(\$3,074)	\$0
<b>FIRE Total</b>	(\$2,514,925)	(\$2,706,580)	(\$2,706,580)	\$0
<b>STREET</b>				
<b>PERSONNEL SERVICES</b>	(\$482,357)	(\$558,660)	(\$558,660)	\$0
<b>CONSUMABLE SUPPLIES</b>	(\$118,600)	(\$89,035)	(\$89,035)	\$0
<b>CONTRACTUAL/OTHER SERVICE</b>	(\$803,692)	(\$744,685)	(\$744,685)	\$0
<b>CAPITAL OUTLAY</b>	(\$131,750)	(\$56,203)	(\$56,203)	\$0
<b>STREET Total</b>	(\$1,536,399)	(\$1,448,584)	(\$1,448,584)	\$0
<b>PARKS &amp; REC</b>				
<b>PERSONNEL SERVICES</b>	(\$312,087)	(\$342,781)	(\$342,781)	\$0
<b>CONSUMABLE SUPPLIES</b>	(\$113,000)	(\$143,045)	(\$142,985)	\$60
<b>CONTRACTUAL/OTHER SERVICE</b>	(\$39,900)	(\$43,122)	(\$43,122)	\$0
<b>CAPITAL OUTLAY</b>	(\$18,500)	(\$19,971)	(\$19,971)	\$0
<b>PARKS &amp; REC Total</b>	(\$483,487)	(\$548,919)	(\$548,859)	\$60
<b>COMMUNITY SERVICES</b>				
<b>PERSONNEL SERVICES</b>	(\$146,778)	(\$160,348)	(\$160,348)	\$0
<b>CONSUMABLE SUPPLIES</b>	(\$5,600)	(\$4,285)	(\$4,285)	\$0
<b>CONTRACTUAL/OTHER SERVICE</b>	(\$37,200)	(\$31,236)	(\$31,236)	\$0
<b>CAPITAL OUTLAY</b>	(\$6,550)	(\$574)	(\$574)	\$0
<b>COMMUNITY SERVICES Total</b>	(\$196,128)	(\$196,443)	(\$196,443)	\$0
<b>PUBLIC PROPERTY</b>				
<b>PERSONNEL SERVICES</b>	(\$405,934)	(\$417,908)	(\$417,908)	\$0
<b>CONSUMABLE SUPPLIES</b>	(\$64,650)	(\$50,707)	(\$50,707)	\$0
<b>CONTRACTUAL/OTHER SERVICE</b>	(\$220,800)	(\$302,850)	(\$302,850)	\$0
<b>CAPITAL OUTLAY</b>	(\$107,550)	(\$44,967)	(\$44,967)	\$0
<b>PUBLIC PROPERTY Total</b>	(\$798,934)	(\$816,433)	(\$816,433)	\$0
<b>MVM</b>				
<b>PERSONNEL SERVICES</b>	(\$114,452)	(\$165,137)	(\$165,137)	\$0
<b>CONSUMABLE SUPPLIES</b>	(\$6,275)	(\$9,126)	(\$9,126)	\$0
<b>CONTRACTUAL/OTHER SERVICE</b>	(\$12,200)	(\$11,826)	(\$11,826)	\$0
<b>CAPITAL OUTLAY</b>	(\$500)	(\$443)	(\$443)	\$0
<b>MVM Total</b>	(\$133,427)	(\$186,532)	(\$186,532)	\$0
<b>TRANSFER ACCOUNT</b>				
<b>CONTRACTUAL/OTHER SERVICE</b>	\$0	\$0	\$0	\$0
<b>TRANSFER ACCOUNT Total</b>	\$0	\$0	\$0	\$0
<b>Expenditure Total</b>	(\$11,273,510)	(\$12,122,978)	(\$12,130,375)	(\$7,397)
<b>GENERAL FUND Total</b>	\$0	(\$666,955)	(\$671,001)	(\$4,046)

**CITY OF GRENADA, MISSISSIPPI**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

**A.BUDGETARY INFORMATION**

Budgetary requirements dictate how and when the City's budget is to be prepared. Generally, in the month of August, prior to the ensuing fiscal year beginning each October, the City Council of the City, using historical and anticipated fiscal data and proposed budgets submitted by the department managers for their departments, prepares an original budget for each of the Governmental Funds for said fiscal year. The completed budget for the fiscal year includes for each fund every source of revenue, each general item of expenditure, and the unencumbered cash and investment balances. When during the fiscal year it appears to the City Council that the budgetary estimates will not be met, it may make revisions to the budget.

The City's budget is prepared principally on the cash basis of accounting. All appropriations lapse at year end, and there are not encumbrances to budget because state statutes do not require that funds be available when goods or services are ordered, only when payment is made.

**B.BASIS OF PRESENTATION**

The Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis) presents the original legally adopted budget, the final legally adopted budget, actual amounts on a budgetary (Non-GAAP) basis and variances between the final budget and the actual amounts. The schedule is presented for the General Fund and each major special revenue fund.

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

**C.BUDGET/GAAP RECONCILIATION**

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

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

Budget (Cash Basis)	General Fund (4,046)
Increase (Decrease)	
Net Adjustments for Revenue Accruals	32,123
Net Adjustments for Expenditure Accruals	(3,448,459)
GAAP Basis	<u>\$(3,476,536)</u>

**CITY OF GRENADA, MISSISSIPPI**  
**SCHEDULE OF CITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

Last 10 Fiscal Years*	2016	2015
City's proportion of the net pension liability	0.091875%	0.090894%
City's proportionate share of the net pension liability	16,411,169	14,050,420
City's covered employee payroll	5,895,514	5,679,220
City's proportionate share of the net pension liability as a percentage of its covered employee payroll	278.37%	247.40%
Plan Fiduciary net position as a percentage of the pension liability	57.47%	61.70%

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

\* The amounts presented for each year were determined as of June 30th of the year prior to the fiscal year presented.

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

**CITY OF GRENADA, MISSISSIPPI  
SCHEDULE OF CITY'S PENSION CONTRIBUTIONS  
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

Last 10 Fiscal Years*	<u>2016</u>	<u>2015</u>
Contractually required contribution	928,544	894,477
Contributions in relation to the contractually required contribution	925,696	894,479
Contribution deficiency (excess)	2,848	-2
City's covered employee payroll	5,895,514	5,679,220
Contributions as a percentage of covered employee payroll	99.69%	100.00%

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

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

**CITY OF GRENADA, MISSISSIPPI**  
**SCHEDULE OF LONG-TERM DEBT**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

		Transactions during year			
		Balance			Balance
Date Issued	Description	Outstanding			Outstanding
		Oct. 1, 2015	Issued	Redeemed	Sept. 30, 2016
<b>General Obligations Bonds:</b>					
12/1/2007	GO Public Improvement	2,615,000	0	150,000	2,465,000
11/12/2009	GO Public Improvement	1,420,000	0	335,000	1,085,000
6/1/2011	GO Public Improvement	6,400,000	0	275,000	6,125,000
Total General Obligation Bonds		10,435,000	0	760,000	9,675,000
<b>Notes Payable:</b>					
7/22/1999	ST MS Capital Improvement loan	140,582	0	35,197	105,385
10/6/2014	MDA Cap Loan Suburban	571,482	121,945	39,097	654,330
	Total Notes Payable	712,064	121,945	74,294	759,715
<b>Long Term Leases:</b>					
12/28/2010	Fire Truck Rescue Pumper	272,738	0	0	272,738
2/23/2012	AVAYA IP Phone System	14,950	0	10,517	4,433
1/23/2013	Int Bucket Truck	34,202	0	14,423	19,779
4/11/2013	Kabota Tractor, Mower, and Cutter	37,923	0	23,808	14,115
5/24/2013	Two Ford Dump Trucks	67,347	0	40,097	27,250
12/15/2013	Police Radios at Motorola	149,130	0	35,408	113,722
	Total Long Term Leases	576,290	0	124,253	452,037
Total Governmental Activities Long Term Liabilities		11,723,354	121,945	958,547	10,886,752
<b>PROPRIETARY FUNDS LONG TERM DEBT:</b>					
Special Obligation Bonds:					
5/21/2013	Refunding Combined Water & Sewer	6,010,000	0	365,000	5,645,000
	Total Special Obligations Bonds	6,010,000	0	365,000	5,645,000
<b>LONG TERM LEASES:</b>					
2/6/2016	Bancorpsouth Water Meters and Lighting	3,517,965	0	210,496	3,307,469
6/3/2016	Four Ford 2015 F350 Trucks	0	132,473	10,825	121,648
	Total Water Fund Long Term Debt	3,517,965	132,473	221,321	3,429,117
<b>GOLF LEASES</b>					
11/14/2013	Golf Carts financed by PNC	63,373	0	46,706	16,667
4/2/2014	Golf Equipment financed by Wells Fargo	22,638	0	8,785	13,853
	Total Golf Leases	86,011	0	55,491	30,520
	Total Proprietary Debt	\$ 9,613,976	\$ 132,473	\$ 641,812	\$ 9,104,637
	<b>Total Long Term Debt</b>	21,337,330	254,418	1,600,359	19,991,389

**CITY OF GRENADA, MISSISSIPPI**  
**SCHEDULE OF SURETY BONDS FOR MUNICIPAL OFFICIALS**  
**September 30, 2016**

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

CITY OF GRENADA, MISSISSIPPI  
NOTES TO REQUIRED SUPPLEMENTARY PENSION INFORMATION  
FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015

Pension Schedules

(1) Changes in benefits provisions

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

(2) Changes in assumptions

In 2015 and later, the expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using the Scale BB rather than RP-2000 Mortality Table, which was used prior to 2015. In 2015, the expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than RP-2000 Disabled Mortality Table, which was used prior to 2015. Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience. In 2015, assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. Finally, the price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively. In 2016, the assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%.

(3) The comparative information presented on the Schedule of the City's Contributions does not include information for years prior to 2014 because GASB 68 was implemented in the 2015 fiscal





# RONNIE S. WINDHAM, CPA, PLLC

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## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

Honorable Mayor and City Council  
City of Grenada, Mississippi

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Grenada, Mississippi, as of and for the year ended September 30, 2016, which collectively comprise the City of Grenada, Mississippi's basic financial statements and have issued our report thereon dated December 28, 2017. We have conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

As required by the state legal compliance audit program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain state laws and regulations. However, providing an opinion on compliance with state laws and regulations was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of those procedures and our audit of the financial statements disclosed material instances of noncompliance with state laws and regulations and which are described in the accompanying schedule of findings and responses as items 2016-5.

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

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

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



# RONNIE S. WINDHAM, CPA, PLLC

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

To the City Council  
City of Grenada, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Grenada, Mississippi, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise City of Grenada, Mississippi's basic financial statements, and have issued our report thereon dated December 28, 2017

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

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies to be material weaknesses. They are labeled as items 2016-1, 2016-2, 2016-3, 2016-4, 2016-6, and 2016-7

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether City of Grenada, Mississippi's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as item 2016-5

### **Purpose of this Report**

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

A handwritten signature in dark ink, appearing to read "Ronnie S. Windham CPA". The signature is fluid and cursive, with the letters "CPA" written in a slightly larger, more distinct font at the end.

RONNIE S. WINDHAM, CPA, PLLC  
Oxford, Mississippi

December 28, 2017



**CITY OF GRENADA, MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED SEPTEMBER 30, 2016**

**Significant Deficiency- Material Weakness**

**Finding No. 2016-1**

**Statement of Condition**

The City does not calculate depreciation expense.

**Cause of Condition**

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

**Effect of Condition**

The external auditors must compute depreciation expense.

**Criteria**

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

**Auditor's Recommendation**

Management should prepare depreciation expense schedules for all funds.

**Significant Deficiency- Material Weakness**

**Finding No. 2016-2**

**Statement of Condition**

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

**Criteria**

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

**Cause of Condition**

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

**Effect of Condition**

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

**Criteria**

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

**Auditor's Recommendation**

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

**CITY OF GRENADA, MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED SEPTEMBER 30, 2016**

**Significant Deficiency- Material Weakness**

**Finding No. 2016-3**

**Statement of Condition**

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

**Cause of Condition**

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

**Effect of Condition**

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

**Criteria**

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

**Auditor's Recommendation**

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

**Significant Deficiency- Material Weakness**

**Finding No 2016-4**

**Statement of Condition**

Several funds had Deficit Fund Balances.

**Criteria**

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

**Cause of Condition**

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

**Effect of Condition**

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

**Criteria**

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

**Auditor's Recommendation**

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

**CITY OF GRENADA, MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED SEPTEMBER 30, 2016**

**Compliance and Other Matters**

**Finding No 2016-5**

**Statement of Condition**

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

**Cause of Condition**

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

**Effect of Condition**

Additional assets were identified and added to the listing, however, it appears that additional assets may still exist that should be added as of September 30, 2016.

**Criteria**

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

**Auditor's Recommendation**

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

**Significant Deficiency- Material Weakness**

**Finding 2016-6**

**Statement of Condition**

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

**Cause of Condition**

The personnel are not reconciling and reviewing accounts and reports.

**Effect of Condition**

Account balances and reports are incorrect.

**Criteria**

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

**Auditors Recommendation**

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

**CITY OF GRENADA, MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED SEPTEMBER 30, 2016**

**Significant Deficiency- Material Weakness**

**Finding 2016-7**

**Statement of Condition**

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

**Cause of Condition**

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

**Effect of Condition**

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

**Criteria**

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

**Auditors Recommendation**

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

**CITY OF GRENADA, MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED SEPTEMBER 30, 2016**

**Significant Deficiency**

**Finding 2016-8**

**Statement of Condition**

Payroll deductions for insurance are not reconciled to correct amount due to insurance company on employee's behalf.

**Cause of Condition**

The insurance billing is not reconciled to payroll deductions before payment

**Effect of Condition**

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

**Criteria**

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

**Auditors Recommendation**

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



**CITY OF GRENADA, MISSISSIPPI  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 20216**

2015-1 FINDING NO. 1

Current Status: Not corrected, repeated as finding 20216-1

2015-2 FINDING NO. 2

Current Status: Nor corrected, repeated as finding 20216-2

2015-3 FINDING NO. 3

Current Status: Not corrected, repeated as finding 20216-3

2015-4 FINDING NO. 4

Current Status: Not corrected, repeated as finding 20216-4

2015-5 FINDING NO. 5

Current Status: Not Corrected, repeated as finding 20216-5

2015-6 FINDING NO. 6

Current Status: Not Corrected, repeated as finding 20216-6

Current Status: Corrected

2015-7 FINDING NO. 7

Current Status: Not Corrected, repeated as finding 20216-7

2015-8 FINDING NO. 8

Current Status: Not Corrected, repeated as finding 20216-8



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

**The City of Grenada, Mississippi submits this corrective action plan for the findings included in the schedule of Findings and Questioned Costs for the year ended September 30, 2016.**

**Findings Relating to the Financial Statements Audit**

**Finding No. 2016-1**

**Auditor's Recommendation**

Management should prepare depreciation expense schedules for all funds.

**ACTION TAKEN**

The City will prepare depreciation schedules for all funds.

**Finding No. 2016-2**

**Auditor's Recommendation**

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

**ACTION TAKEN**

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

**Finding No. 2016-3**

**Auditor's Recommendation**

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

**ACTION TAKEN**

The City cannot use separate bank accounts at this time.

#### **Finding No. 2016-4**

**Auditor's Recommendation**

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

**ACTION TAKEN**

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

#### **Finding No. 2016-5**

**Auditor's Recommendation**

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

**ACTION TAKEN**

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

#### **Finding No. 2016-6**

**Auditor's Recommendation**

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

**ACTION TAKEN**

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

#### **Finding No. 2016-7**

**Auditor's Recommendation**

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

**ACTION TAKEN**

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

#### **Finding No. 2016-8**

**Auditor's Recommendation**

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

**ACTION TAKEN**

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