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Mayor
Billy F. Collins

City Manager
John "Trey" Baker III



City Council
Warren B. Cox, Sr.
Fredrick "Pete" Wilson
Lewis Johnson
Rev. Ernest C. Hargrove, Jr.
Joshua Hughes
Larry W. Vance
Ronald J. Merriman

October 10, 2018

Thomas S. Chain, CPA
Technical Assistance Division
Office Of The State Auditor
P. O. Box 956
Jackson, MS 39205

Dear Mr. Chain:

Enclosed is a copy of the City Of Grenada Financial Statements for fiscal year end of September 30, 2017.

If you have any questions, please contact me at (662) 227-2719.

Sincerely,

Lois B. Freelon
City Clerk

Enclosure

cc: John Baker III, City Manager

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CITY OF GRENADA, MISSISSIPPI

SEPTEMBER 30, 2017

FINANCIAL STATEMENTS

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City of Grenada, Mississippi
Financial Statements
For the Year Ended September 30, 2017
Table of Contents

	Page
Independent Auditors' Report	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	6
Statement of Activities	7
Fund Financial Statements:	
Balance Sheet-Governmental Funds	8
Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position	9
Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds	10
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	11
Statement of Net Position - Proprietary Funds	12
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	14
Statement of Cash Flows - Proprietary Funds	15
Statement of Fiduciary Assets & Liabilities	17
Notes to Financial Statements	18
Required Supplementary Information:	
Budgetary Comparison Schedule	37
Notes to Required Supplementary Information	40
Schedule of city's proportionate Share of Net Pension Liability	41
Schedule of city's Pension Contributions	42
Other Supplemental Information:	
Schedule of Long Term Debt	43
Schedule of Surety Bonds for Municipal Officers	44
Notes to required Supplementary Pension Information	45
Independent Auditors Report on Compliance with State Laws and Regulations	46
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	47
Schedule of Findings	49
Schedule of Prior Audit Findings	50



RONNIE S. WINDHAM, CPA, PLLC

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Member
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Member
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Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Council
City of Grenada, Mississippi

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Grenada, Mississippi, as of September 30, 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

Omission of Required Supplementary Information

The City of Grenada, Mississippi, has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America required to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2018, on our consideration of the City of Grenada, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Grenada, Mississippi's internal control over financial reporting and compliance.

Ronnie S. Windham CPA

Ronnie S. Windham, CPA, PLLC
Oxford, Mississippi
September 25, 2018

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BASIC FINANCIAL STATEMENTS

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City of Grenada, Mississippi
Statements of Net Position
September 30, 2017

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	1,352,304	1,214,888	2,567,192
Receivables, net allowance for uncollectibles	5,922,902	896,495	6,819,397
Due from other governments	719,334	0	719,334
Due from other funds	3,426,396	3,155,237	6,581,633
Inventory	0	113,805	113,805
Resolute Forest Stock	199,493	0	199,493
Unamortized bond issuance cost	116,000	552,274	668,274
Other Assets	0	59,945	59,945
Capital assets:	0	0	0
Non-depreciable	5,328,260	424,401	5,752,661
Depreciable, net	36,092,009	13,756,613	49,848,622
Total Assets	<u>\$ 53,156,698</u>	<u>\$ 20,173,658</u>	<u>\$ 73,330,356</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows related to pensions	\$ 478,698	\$ 104,363	583,061
LIABILITIES			
Accounts payable	426,133	282,332	708,465
Accrued liabilities	392,388	62,741	455,129
Accrued Interest	0	0	0
Due to other funds	3,580,500	3,703,206	7,283,706
Due to other governments	0	163,916	163,916
Employer Contribution Payable	191,506	67,785	259,291
Noncurrent Liabilities:	0	0	0
Due within one year:	0	0	0
Bonds and leases payable	1,017,640	641,381	1,659,021
Due in more than one year:	0	0	0
Leases payable	775,512	2,961,056	3,736,568
Bonds payable	8,050,000	4,920,000	12,970,000
Compensated absences	643,855	133,844	777,699
Net Pension Liability	12,817,169	2,717,986	15,535,155
Total Liabilities	<u>\$ 27,894,703</u>	<u>\$ 15,654,247</u>	<u>\$ 43,548,950</u>
DEFERRED INFLOWS OF RESOURCES			
Property tax for future reporting period	5,858,771	\$ -	5,858,771
Deferred Inflows related to pensions	289,527	\$ 58,462	347,989
NET POSITION			
Invested in capital assets, net of related debt	31,577,117	5,713,733	37,290,850
Restricted for:	0	0	0
Debt service	1,079,396	355,000	1,434,396
Capital projects	905,602	9,032	914,634
Special Revenue	1,258,609	0	1,258,609
Unrestricted	(15,228,329)	(1,512,453)	(16,740,782)
Total Net Position	<u>\$ 19,592,395</u>	<u>\$ 4,565,312</u>	<u>\$ 24,157,707</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, 2017

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	\$ 2,540,345	\$ 355,000	\$ -	\$ -	\$ (2,185,345)	\$ -	\$ (2,185,345)
Public Property	1,244,675	25,111	0	143,711	(1,075,853)	0	(1,075,853)
Public Safety	7,128,608	7,732	0	0	(7,120,876)	0	(7,120,876)
Streets and sanitation	1,313,099	0	0	0	(1,313,099)	0	(1,313,099)
Motor vehicle maintenance	151,090	0	0	0	(151,090)	0	(151,090)
Planning and zoning	183,441	0	0	0	(183,441)	0	(183,441)
Recreation and senior citizens	679,763	25,111	24,835	0	(629,817)	0	(629,817)
Health and welfare	27,138	14,122	9,367	0	(3,649)	0	(3,649)
Airport	662,629	157,035	0	752,083	246,489	0	246,489
Community Service	223,369	0	0	0	(223,369)	0	(223,369)
Appropriations	83,557	0	0	0	(83,557)	0	(83,557)
Pension Expense	958,464	0	0	0	(958,464)	0	(958,464)
Interest on long-term debt	384,167	0	0	0	(384,167)	0	(384,167)
Total Governmental activities	\$ 15,580,345	\$ 584,111	\$ 34,202	\$ 895,794	\$ (14,066,238)	\$ -	\$ (14,066,238)
Business-type activities:							
Water and Sewer	4,680,140	4,581,438				(98,702)	(98,702)
Solid Waste	683,483	861,234				177,751	177,751
Dogwoods Golf	586,620	323,034				(263,586)	(263,586)
Pension Expense	196,312	0				(196,312)	(196,312)
Total business-type activities	6,146,555	5,765,706	0	0	0	(380,849)	(184,537)
Total	\$ 21,726,900	\$ 6,349,817	\$ 34,202	\$ 895,794	\$ (14,066,238)	\$ (380,849)	\$ (14,250,775)
General revenues:							
Taxes:							
Taxes levied for general purpose					5,860,669	0	5,860,669
Sales and gas taxes					4,961,344	0	4,961,344
Occupational licenses and franchise fees					546,266	0	546,266
Fines and forfeitures					927,283	0	927,283
Rents					237,855	0	237,855
Other intergovernmental revenues and grants					723,339	0	723,339
Investment earnings					2,243	0	2,243
Miscellaneous					80,977	0	80,977
Total general revenues					13,339,976	0	13,339,976
Transfers, net					(254,676)	254,676	0
Gain(Loss) on disposition of assets					221,422	0	221,422
Total general revenues & transfers					13,306,722	254,676	13,561,398
Change in net position					(759,516)	(126,173)	(885,689)
Correction of prior year error					698,163	0	698,163
Net position-beginning					19,653,748	4,691,487	24,345,235
Net position-ending					\$ 19,592,395	\$ 4,565,314	\$ 24,157,709

The accompanying notes are an integral part of the financial statements

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**CITY OF GRENADA, MISSISSIPPI
BALANCE SHEET
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	General Fund	2011 GO Bond	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash	\$ (1,324,245)	\$ 594	\$ 2,675,955	1,352,304
Receivables:				
Property Taxes	4,712,687	0	1,168,026	5,880,713
Due from Other Funds	1,834,171	185,454	1,782,874	3,802,499
Due from Other Governments	677,145	0	42,189	719,334
Resolute Forest Stock	0	0	199,493	199,493
Other	0	0	0	0
Total Assets	<u>\$ 5,899,758</u>	<u>\$186,048</u>	<u>\$ 5,868,537</u>	<u>\$ 11,954,343</u>

LIABILITIES AND FUND BALANCES:

Liabilities:				
Accounts Payable	379,602	0	46,531	426,133
Accrued Liabilities	388,789	0	3,599	392,388
Due to Other Funds	2,248,326	534,705	1,153,737	3,936,768
Deferred Revenue	4,690,745	0	1,168,026	5,858,771
Total Liabilities	<u>7,707,462</u>	<u>534,705</u>	<u>2,371,893</u>	<u>10,614,060</u>

Fund Balances				
Reserved for:				
Special Projects	0	(348,657)	0	(348,657)
Unreserved, reported in:				0
General Fund	(1,807,704)	0	0	(1,807,704)
Debt Service Funds	0	0	1,079,396	1,079,396
Special Revenue Funds	0	0	1,258,609	1,258,609
Capital Projects Funds	0	0	1,158,639	1,158,639
Total Fund Balances	<u>(1,807,704)</u>	<u>(348,657)</u>	<u>3,496,644</u>	<u>1,340,283</u>
Total Liabilities & Fund Balances	<u>\$ 5,899,758</u>	<u>\$186,048</u>	<u>\$ 5,868,537</u>	<u>11,954,343</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, 2017**

Total Fund Balance-Total Governmental Funds	\$ 1,340,283
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	41,420,269
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	(757,249)
Long-term liabilities, including bonds payable are not due payable in the current period and therefore are not reported in governmental funds	(8,825,512)
Net Pension obligations are not due and payable in the current period and are not reported in the funds	\$ (12,817,169)
Deferred inflows and outflows of resources related ro pensions are applicable to future periods and not reported in the funds	(768,227)
Net Position of Government Activities	<u><u>\$ 19,592,395</u></u>

The accompanying notes are an integral part of the financial statements

CITY OF GRENADA, MISSISSIPPI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	General Fund	2011 GO BOND	Other Governmental Funds	Total Governmental Funds
REVENUES:				
Property taxes	4,640,922	0	1,219,747	5,860,669
Franchise fees	451,109	0	0	451,109
Licenses and permits	95,157	0	0	95,157
Administrative fee	355,000	0	0	355,000
Intergovernmental	5,240,692	0	1,550,211	6,790,903
Fines and forfeits	927,283	0	0	927,283
Grand Gulf in lieu of taxes	163,863	0	0	163,863
Recreation fees	39,233	0	0	39,233
Confiscated monies	0	0	1,465	1,465
Rent	61,578	0	61,578	123,156
Interest	2,243	0	0	2,243
Miscellaneous	80,977	0	157,093	238,070
TOTAL REVENUES	12,058,057	0	2,990,094	15,048,151
EXPENDITURES:				0
General Government	1,447,766	0	53,200	1,500,966
Public property	791,371	0	0	791,371
Public safety	7,047,717	0	9,017	7,056,734
Streets and sanitation	1,371,531	0	0	1,371,531
Motor vehicle maintenance	145,883	0	0	145,883
Planning and zoning	186,362	0	0	186,362
Recreation and senior citizens	553,987	0	41,475	595,462
Community Services	224,557		0	224,557
Health and welfare	0	0	27,138	27,138
Airport	0	0	266,915	266,915
Appropriations and non-departmental	83,557	0	0	83,557
Unrealized decline in value	0	0	0	0
Capital Outlay	5,694	0	1,264,525	1,270,219
Debt service:	0	0	0	0
Principal retirement	97,205	0	946,595	1,043,800
Interest and other	4,637	0	379,530	384,167
TOTAL EXPENDITURES	11,960,267	0	2,988,395	14,948,662
Excess (deficiency) of revenues over expenditures	97,790	0	1,699	99,489
Other financing sources (uses):				0
Sales of assets	0		221,422	221,422
Bond and loan proceeds	0	0	0	0
Transfers in	0	0	0	0
Transfers out	0	0	(254,676)	(254,676)
Total other financing sources (uses)	0	0	(33,254)	(33,254)
Net change in Fund Balances	97,790	0	(31,555)	66,235
Fund Balances-Beg of year as adjusted	(1,905,494)	(348,658)	3,528,200	1,274,048
Fund Balances - End of year	(1,807,704)	(348,658)	3,496,645	1,340,283

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, 2017

Net change in fund balances-total governmental funds		\$ 66,235
Amounts reported for governmental activities in the statement are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.		
Expenditures for capital assets	1,270,219	
Less current year depreciation	<u>(1,841,751)</u>	(571,532)
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.		(1,043,800)
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	0	0
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		(238,798)
Amortization of bonds costs		(138,364)
Decrease in accrual for compensated absences		(45,586)
Change in accrual adjustment		(5,425)
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		958,464
Recording of contributions made subsequent to the measurement date		259,290
Change in Net Assets of Governmental Activities		\$ (759,516)

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, 2017

Business Type Activities-Enterprise Fund

ASSETS	Water and Sewer Fund	Solid Waste Fund	Golf Fund	Total
Current Assets:				
Cash and Cash equivalents	\$ 325,465	\$ 874,285	\$ 6,106	\$ 1,205,856
Accts Rec less allowance	569,971	318,252	\$ 8,272	896,495
Due from other funds	3,126,098	5,726	23,413	3,155,237
Due from other govt	0	0	0	0
Bond Escrow	4,139	0	0	4,139
Inventory	108,805	0	5,000	113,805
Total Current Assets	4,134,478	1,198,263	42,791	\$ 5,375,532
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	42,548,663			42,548,663
Equipment	1,916,914	50,458	575,953	2,543,325
Vehicles	868,008	54,416	27,791	950,215
Less accumulated depreciation	(31,927,481)	(91,124)	(359,998)	(32,378,603)
Total Fixed Assets	13,923,518	13,750	243,746	14,181,014
Non Current Assets				
Unamortized bond costs	1,035,562	0	0	1,035,562
Accumulated Amortization	(483,288)	0	0	(483,288)
Prepaid Leases	0	0	55,156	55,156
Deposits	650	0	0	650
Total Non Current Assets	552,924	0	55,156	608,080
Total Assets:	18,619,952	1,212,013	341,693	20,173,658

DEFERRED OUTFLOWS OF RESOURCES

Deferred Outflows related to pensions	78,812	\$ 499	\$ 25,052	104,363
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CITY OF GRENADA, MISSISSIPPI
STATEMENT OF NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2017
Business Type Activities-Enterprise Fund

	Water and Sewer Fund	Solid Waste Fund	Golf Fund	Total
LIABILITIES:				
Current Liabilities:				
Accounts Payable	214,740	55,807	11,785	282,332
Accrued Payroll	29,222	0	9,648	38,870
Accrued liabilities	8,192		2,002	10,194
Accrued sales taxes	12,908	0	769	13,677
Due to other government	163,916	0	0	163,916
Due to other funds	2,778,532	394,973	529,701	3,703,206
Employer Contribution Payable	51,087	470	16,228	67,785
Leases payable-current	250,153	0	36,228	286,381
Revenue bonds payable	355,000	0	0	355,000
Total Current Liabilities	<u>3,863,750</u>	<u>451,250</u>	<u>606,361</u>	<u>4,921,361</u>
Non-Current Liabilities:				
Leases payable after one year	2,937,418		23,638	2,961,056
Revenue Bonds Payable	4,920,000		0	4,920,000
Compensated Absences	103,588	0	30,256	133,844
Net Pension Liability	2,053,959	13,039	650,988	2,717,986
Total Non-current Liabilities	<u>10,014,965</u>	<u>13,039</u>	<u>704,882</u>	<u>10,732,886</u>
Total Liabilities	<u>\$ 13,878,715</u>	<u>\$ 464,289</u>	<u>\$ 1,311,243</u>	<u>\$ 15,654,247</u>

DEFERRED INFLOWS OF RESOURCES

Pensions	\$ 44,473	\$ 383	\$ 13,606	58,462
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NET POSITION

Invested in capital assets	5,460,947	13,750	239,036	5,713,733
Restricted:	0	0	0	0
Debt Service	355,000	0	0	355,000
Capital Projects	9,032	0	0	9,032
Unrestricted	<u>\$ (1,049,403)</u>	<u>734,091</u>	<u>(1,197,138)</u>	<u>(1,512,450)</u>
Total Net Position	<u>\$ 4,775,576</u>	<u>\$ 747,841</u>	<u>\$ (958,102)</u>	<u>\$ 4,565,315</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, 2017

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	861,234	0	861,234
Other charges for services	313,710	0	0	313,710
Grants	0	0	0	0
Golf fees	0	0	191,419	191,419
Sponsorships	0	0	68,154	68,154
Food and Beverage	0	0	37,897	37,897
Golf Merchandise	0	0	25,564	25,564
Total Operating revenues	4,581,438	861,234	323,034	5,765,706
Operating Expenses:				
Salaries and wages	\$ 811,693	\$ 11,418	\$ 231,730	1,054,841
Payroll taxes and retirement	190,842	1,723	46,036	238,601
Pension Expense	150,121	0	46,191	196,312
Insurance	283,049	2,580	57,316	342,945
Supplies, material and maintenance	1,068,642	750	143,578	1,212,970
Utilities and communications	302,242	0	33,913	336,155
Contractual services	188,125	664,262	33,272	885,659
General and administrative	355,000	0	0	355,000
Depreciation	1,081,629	2,750	40,347	1,124,726
Amortization	148,735			148,735
Total operating expenses	4,580,078	683,483	632,383	5,895,944
Income (loss) from operations	1,360	177,751	(309,349)	(130,238)
Non-operating revenues, expenses:				
Interest income	0		0	0
Interest expenses	(250,183)		(428)	(250,611)
Transfer Out	0			0
Transfer In	0		254,676	254,676
	(250,183)	0	254,248	4,065
Changes in net position	(248,823)	177,751	(55,101)	(126,173)
Net position-beginning	5,024,399	570,090	(903,001)	4,691,488
Net position-ending	\$ 4,775,576	\$ 747,841	\$ (958,102)	\$ 4,565,315

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, 2017

	Water	Solid Waste	Golf	Total
Cash flows from operating activities:				
Cash received from customers	\$ 4,786,702	\$ 861,234	\$ 323,033	\$ 5,970,969
Cash payments for goods and services	(1,691,950)	(665,012)	(204,376)	(2,561,338)
Cash payments for payroll, payroll taxes and retirement	(1,435,705)	(15,721)	(362,243)	(1,813,669)
Cash received-operating grant	-			
Net cash provided by operating activities	1,659,047	180,501	(243,586)	1,595,962
Cash flows from non-capital financing activities:				
Advances from other funds	-	301,590	254,676	556,266
Net cash provided by non-capital financing activities	-	301,590	254,676	556,266
Cash flows from capital and related financing activities:				
Repay other funds	(406,099)	-	-	(406,099)
New debt	-	-	-	-
Principal payments on capital leases	-	-	-	-
Interest on capital leases	-	-	-	-
Acquisition and construction of capital assets	(560,297)		-	(560,297)
Principal payments on St of MS revolving loan	-			-
Interest payments on St of MS revolving loan	-			-
Retirement of revenue bonds	(611,546)		(25,810)	(637,356)
Interest paid on revenue bonds	(250,183)		(428)	(250,611)
Net cash provided (used) by capital and related financing activities	(1,828,125)	-	(26,238)	(1,854,363)
Cash flows from investing activities:				
Interest received on cash and cash equivalents	-		-	-
Net cash provided (used) by investing activities	-	-	-	-
Net increase (decrease) in cash for the year	(169,078)	482,091	(15,148)	297,865
Cash and cash equivalents, beginning of year	503,574	392,194	21,254	917,022
Cash and cash equivalents, end of year	334,496	874,285	6,106	1,214,887

CITY OF GRENADA, MISSISSIPPI
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Water	Solid Waste	Golf	Total
To net Cash provided by operating Activities:				
Income (loss) from operations	\$ 1,360	\$ 177,751	\$(309,349)	\$ (130,238)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	1,124,726	2,750	40,347	1,167,823
Amortization	148,735			148,735
Changes in assets and liabilities:				-
(Increase) decrease in net accounts receivable	149,226	(31,022)	-	118,204
(Increase) decrease in due from other funds	180,976	30,452	-	211,428
(Increase) decrease in unbilled revenues				-
(Increase) decrease in other liabilities	-		-	-
Increase (decrease) in accounts payable	42,970	570	(15,776)	27,764
(Increase) decrease in due to agency funds		-	-	-
(Increase) decrease in accrued personnel services	-			-
Increase (decrease) in due to other funds	-	-	-	-
(Increase) decrease in accrual for compensated absences	11,054	-	-	11,054
(Increase) decrease in other assets	-			-
Increase (decrease) in leases payable			41,192	41,192
Increase (decrease) in due to other governments	-			-
Net Cash provided by operating activities	<u>\$ 1,659,047</u>	<u>\$ 180,501</u>	<u>\$(243,586)</u>	<u>\$ 1,595,962</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, 2017

	Insurance Fund	Tax Collector's Fund	Evidence Fund	Total
ASSETS				
Cash	409,136	48,592	20,533	478,261
Due from Governmental Funds	0	3,029		3,029
Due from Other Funds	0	0	0	0
Due from others		26,014		26,014
Total Assets	<u>409,136</u>	<u>77,635</u>	<u>20,533</u>	<u>507,304</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	20,533	20,533
Due to other funds	396,020	49,225		445,245
Due to others	13,116	28,410		41,526
Due to Governmental Fund		0		0
Total Liabilities	<u>\$ 409,136</u>	<u>\$ 77,635</u>	<u>\$20,533</u>	<u>507,304</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, 2017

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.

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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.

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

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

G. Long-Term Debt

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

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

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

H. Deferred Outflows/Inflows of Resources

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

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

I. Fund Equity

Government-wide Financial Statements:

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

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

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

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

Fund Financial Statements:

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

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

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

J. Compensated Employee Absences

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

K. Revenues-Exchange and Non-exchange Transactions

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

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

L. Risk Management

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

M. Estimates and Assumptions

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

N. Property Taxes

Property taxes attach as an enforceable lien on property as of January 1st. Taxes levied on October 1st and are due and payable at that time. All unpaid taxes levied October 1st become delinquent February 1st of the following year. Delinquent taxes are considered fully collectible and therefore no allowance for uncollectible taxes is provided. The millage rate for the City for the 2016 tax roll was 57.19 mills as: 43.85 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 1st the City Clerk and Chief Administrative Officer submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1st. The operating budget includes proposed expenditures and the means of financing them.
- B. Public notice is given of the City's budget meetings being open to the public, so that public hearings are conducted at City Hall to obtain taxpayer comments.
- C. Prior to September 15th the budget is legally enacted through adoption by the City Council.
- D. The budget is formally revised during the year and properly amended by the City Council.
- E. Budgetary comparisons are employed by management as a management control device during the year for all funds.
- F. Appropriations lapse at the end of each fiscal year

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

NOTE 3 (This note left blank intentionally)

NOTE 4 CASH

The carrying amount of the City's total deposits with financial institutions at September 30, 2017 was \$3,233,336.30 and the bank balance was \$3,045,452.05. 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, 2017 were	\$2,068,451
Less Allowance for Uncollectible	<u>(\$1,171,956)</u>
Net Accounts Receivable	<u>\$896,495</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, 2017 include the following:

<u>State of Mississippi:</u>	Sales Tax	\$ 719,334
	Tourism Tax	<u>42,188</u>
	Total Intergovernmental Receivables	<u>\$ 761,523</u>

NOTE 6: CAPITAL ASSETS

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

	Beginning Balance	Additions	Retirements	Ending Balance
	10/1/2016			9/30/2017
Governmental Activities:				
Non-depreciable assets:				
Land	\$ 5,328,260	\$ -	\$ -	5,328,260
Depreciable assets:				0
Buildings	19,148,745	830,873	0	19,979,618
Improvements	9,700,958	417,968	0	10,118,926
Machinery and equipment	8,167,588	21,378	0	8,188,966
Infrastructure	10,860,029	0	0	10,860,029
Construction in process	0	0	0	0
Totals at historical cost	53,205,580	1,270,219	0	54,475,799
Less accumulated depreciation for:				
Buildings	1,611,311	197,754		1,809,065
Improvements	3,509,700	587,714		4,097,414
Machinery and equipment	3,859,230	476,823		4,336,053
Infrastructure	2,287,046	579,460		2,866,506
Total accumulated depreciation	11,267,287	1,841,751		13,109,038
Governmental activities capital assets, net	\$ 41,938,293	\$ (571,532)	\$ -	\$ 41,366,761
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	558,974		42,714,966
Machinery and equipment	2,447,697	1,323		2,449,020
Vehicles	877,818	0		877,818
Construction in process	-	0		0
Totals at historical cost	45,999,321	560,297	-	46,559,618
Less accumulated depreciation for:				
Buildings	93,013	0		93,013
Water and sewer system	27,915,147	1,005,431		28,920,578
Machinery and equipment	2,408,363	108,220		2,516,583
Vehicles	783,848	11,075		794,923
Total accumulated depreciation	31,200,371	1,124,726	-	32,325,097
Business-type activities capital assets, net	14,798,950	(564,429)	-	14,234,521

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NOTE 6: DEPRECIATION

	<u>Governmental</u>	<u>Proprietary</u>	<u>Total</u>
General government	142,356		142,356
Public property	928,663		928,663
Public safety	247,256		247,256
Streets and sanitation	89,425		89,425
Motor vehicle maintenance	7,256		7,256
Recreation and senior citizens	26,512		26,512
Airport	400,281		400,281
Buildings		-	-
Vehicles		11,075	11,075
Machinery & Equipment		108,220	108,220
Water and Sewer		1,005,431	1,005,431
Total depreciation expense	<u>1,841,749</u>	<u>1,124,726</u>	<u>2,966,475</u>

NOTE 7 LONG-TERM DEBT

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

Date Issued	Definition and purpose	Beginning Balance Oct. 1, 2016	Additions	Reductions	Ending Balance Sept. 30, 2017	Amounts Due Within One Year
GOVERNMENTAL ACTIVITIES:						
GENERAL OBLIGATION BONDS:						
12/1/2007	\$3,500,000 Public Improvement Bonds Series 2007. Principal payments due annually, varying in amounts from \$240,000 to \$480,000 beginning on December 1, 2008. Final installment due December 1, 2027. Interest payable at various rates from 3.625% to 4.5%. Paying to M&F Bank	2,465,000	0	155,000	2,310,000	165,000
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.	1,085,000	0	345,000	740,000	360,000
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	6,125,000	0	300,000	5,825,000	300,000
	TOTAL BONDS	9,675,000	0	800,000	8,875,000	825,000

Oct 15 2018

NOTE 7: LONG TERM DEBT (continued)

Date Issued	Definition and purpose	Beginning Balance Oct. 1, 2016	Additions	Reductions	Ending Balance Sept. 30, 2017	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%.	105,585	0	35,040	70,545	34,424
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	654,330	0	60,978	593,352	62,833
	TOTAL NOTES	759,915	0	96,018	663,897	97,257
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	50,577	222,161	52,489
2/23/2012	AVAYA IP Phone System - \$48,700.00 Regions Bank , 4.75% int. 60 monthly pymts at \$913.46	4,433	0	4,433	0	0
1/23/2013	2004 Int Bucket Truck \$71,000.00, Regions Bank 2.43% int. 60 monthly pymts at \$1257.87.	19,779	0	14,778	5,001	5,001
4/11/2013	Kabota Tractor, Mower, and Cutter \$93,171.52 Regions Bank 2.43% int. 48 monthly pymts at \$2,038.90.	14,115	0	14,115	0	0
5/24/2013	Two Ford F750 Dump Trucks \$157,249.00 pymts of \$3,439.56	27,250	0	27,250	0	0
12/15/2013	Police Radios financed with Motorola \$183,557.13 at 3.45% in 5 annual payments of \$40,552.70	113,722	0	36,629	77,093	37,893
	TOTAL LEASES	452,037	0	147,782	304,255	95,383
	SUBTOTAL BONDS, NOTES, LEASES	10,886,952	0	1,043,800	9,843,152	1,017,640
OTHER LIABILITIES:						
	Compensated Absences	689,441	0	45,586	643,855	
Total Governmental Activities & Long-Term Liabilities		\$ 11,576,393	\$ -	\$ 1,089,386	\$ 10,487,007	\$ 1,017,640

NOTE 7: LONG TERM DEBT (continued)

Date Issued	Definition and purpose	Beginning Balance Oct. 1, 2016	Additions	Reductions	Ending Balance Sept. 30, 2017	Amounts Due Within One Year
BUSINESS TYPE ACTIVITIES:						
REVENUE BONDS (WATER & SEWER ENTERPRISE FUND):						
5/21/2013	\$7,020,000 Combined Water and Sewer System Revenue Refunding Bonds, Series 2013 2.49% net interest	5,645,000	0	370,000	5,275,000	355,000
	TOTAL BONDS PAYABLE	5,645,000	0	370,000	5,275,000	355,000
OTHER NOTES PAYABLE (WATER & SEWER ENTERPRISE FUND)						
2/6/2014	Bancorpsouth Equipment for 8,201 water meters and upgrade 2,952 light fixtures. \$3,582,000.00 for 15 years and 10 months for 57 monthly payments of \$80,992.09.	3,307,469	0	217,527	3,089,942	224,792
6/3/2016	Four Ford 2016 F350 Trucks-Ford Motor Credit. \$2,513.93 mo. 60 mo. 5.45%	121,648	0	24,019	97,629	25,361
OTHER NOTES PAYABLE (GOLF ENTERPRISE FUND)						
11/14/2013	Golf carts financed by PNC Equipment Finance for 36 monthly payments of \$4,006.00	16,667	0	16,667	0	0
4/2/2014	Golf Course equipment financed by Wells Fargo Leasing at \$794.21 per month for 48 months	13,853	0	9,143	4,710	4,710
Total Other Notes Payable		3,459,637	0	267,356	3,192,281	254,863
Total Bonds and notes payables		9,104,637	0	637,356	8,467,281	609,863
Compensated absences		143,897	0	10,054	133,843	-
Total Business-type Activities LTD		\$ 9,248,534	\$ -	\$ 647,410	\$ 8,601,124	\$ 609,863

OPERATING LEASES :

At September 30, 2017, the City Proprietary fund was obligated to:

8/11/2014 Yamaha Motor Corporation-60 payments
of \$2,626.49 at 4.6% fo 50 golf carts

9/30/2018	31,517.88
9/30/2019	23,638.41
TOTAL	55,156.29

NOTE 7: LONG TERM DEBT (continued)

ANNUAL DEBT SERVICE

Year Ended September 30	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2018	1,017,644	346,093	609,863	234,230	2,207,830
2019	1,069,338	309,282	624,078	218,150	2,220,848
2020	628,245	267,796	633,334	171,594	1,700,969
2021	667,411	244,502	640,294	184,360	1,736,567
2022	645,833	222,079	642,047	168,574	1,678,533
2023 - 2027	3,509,486	769,581	3,471,123	574,056	8,324,246
2028 - 2032	2,305,000	197,806	1,846,542	96,975	4,446,323
Total	\$ 9,842,957	\$ 2,357,139	\$ 8,467,281	\$ 1,647,939	\$ 22,315,316

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, 2017 were as follows:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Dogwoods Golf	Special Tourism	\$39,037
Keeton Building	Special Tourism	\$26,383

Individual fund inter-fund advance balances at September 30, 2017 arising from these transactions were as follows:

<u>Receivable Funds</u>	<u>Payable Funds</u>	<u>Amount</u>
Governmental	Agency	\$594,802
Proprietary	Government	<u>\$139,144</u>
Total		<u>\$733,946</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, 2017, 2016, and 2015 were \$963,723, \$981,107, and \$885,740, 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, 2017, the City reported a liability of \$15,535,155 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. At June 30, 2017 the City's proportion was .095851% percent.

For the fiscal year ended September 30, 2017, the City recognized pension expense of \$1,154,775.. At September 30, 2017 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	228,916	116,263
City pension contributions subsequent to the measure date	259,290	
Changes in assumptions		204,577
Net difference between projected and actual investment earnings	354,145	27,151
Total	<u>842,351</u>	<u>347,991</u>

The 259,290 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, 2018. 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
2018	601,103
2019	575,908
2020	<u>324,206</u>
Total	<u>1,501,217</u>

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

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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 7.75 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% - percentage point lower (6.75% percent) or 1% - percentage point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount rates (7.75%)	1% Increase (8.75%)
City's proportionate share of the net pension liability	20,898,097	15,933,689	11,812,152

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 September 25, 2018, which is the date that the financial statements were issued. The following subsequent event has occurred requiring disclosure in the notes to the financial statement:

Issue Date	Interest Rate	issue Amount	Type of Financing	Source of Financing
10/11/2016	2.1732%	2,225,000	Refunding 2007 GO BOND	Advalorem Taxes

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF GRENADA MISSISSIPPI
BUDGET COMPARISON SCHEDULE - CASH BUDETARY BASIS UNAUDITED
YEAR ENDED SEPTEMBER 30, 2017

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	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amount	
GENERAL FUND				
Revenue				
GENERAL FUND REV				
TAXES	\$4,345,582	\$4,541,088	\$4,541,088	\$0
TAXES - PRIOR YEARS	\$10,000	\$17,861	\$17,861	\$0
LICENSE AND PERMITS	\$1,117,500	\$926,424	\$926,424	\$0
STATE REVENUE	\$4,863,300	\$4,902,845	\$4,902,845	\$0
ROAD TAX	\$185,000	\$183,048	\$183,048	\$0
FINES AND FORFEITS	\$1,200,000	\$867,399	\$867,399	\$0
ACCIDENT & OFFENSE REPORT	\$6,000	\$7,732	\$7,732	\$0
MISCELLANEOUS REVENUE	\$421,848	\$339,868	\$339,268	(\$600)
MISC REV	\$0	\$0	\$0	\$0
GENERAL FUND REV Total	\$12,149,230	\$11,786,265	\$11,785,665	(\$600)
Revenue Total	\$12,149,230	\$11,786,265	\$11,785,665	(\$600)
Expenditure				
G & A				
PERSONNEL SERVICES	(\$1,094,971)	(\$1,112,717)	(\$1,112,717)	\$0
CONSUMABLE SUPPLIES	(\$19,000)	(\$24,473)	(\$24,473)	\$0
CONTRACTUAL/OTHER SERVICE	(\$207,250)	(\$305,687)	(\$305,687)	\$0
CAPITAL OUTLAY	(\$4,000)	(\$4,890)	(\$4,890)	\$0
G & A Total	(\$1,325,221)	(\$1,447,766)	(\$1,447,766)	\$0
P & Z				
PERSONNEL SERVICES	(\$181,539)	(\$170,988)	(\$170,988)	\$0
CONSUMABLE SUPPLIES	(\$5,900)	(\$4,476)	(\$4,476)	\$0
CONTRACTUAL/OTHER SERVICE	(\$11,200)	(\$10,240)	(\$10,240)	\$0
CAPITAL OUTLAY	(\$3,500)	(\$658)	(\$658)	\$0
P & Z Total	(\$202,139)	(\$186,362)	(\$186,362)	\$0
APPROPRIATIONS				
CONTRACTUAL/OTHER SERVICE	(\$119,200)	(\$83,557)	(\$83,557)	\$0
APPROPRIATIONS Total	(\$119,200)	(\$83,557)	(\$83,557)	\$0
POLICE				
PERSONNEL SERVICES	(\$2,480,817)	(\$2,928,978)	(\$2,928,978)	\$0
CONSUMABLE SUPPLIES	(\$212,100)	(\$166,873)	(\$166,873)	\$0
CONTRACTUAL/OTHER SERVICE	(\$619,600)	(\$649,003)	(\$649,003)	\$0
CAPITAL OUTLAY	(\$98,800)	(\$50,857)	(\$50,857)	\$0
POLICE Total	(\$3,411,317)	(\$3,795,710)	(\$3,795,710)	\$0
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	(\$346,268)	(\$251,627)	(\$244,627)	\$7,000
CONSUMABLE SUPPLIES	(\$6,750)	(\$7,652)	(\$7,652)	\$0
CONTRACTUAL/OTHER SERVICE	(\$380,395)	(\$412,854)	(\$412,854)	\$0
CAPITAL OUTLAY	(\$35,000)	(\$698)	(\$698)	\$0
COURT Total	(\$768,413)	(\$672,830)	(\$665,830)	\$7,000

CITY OF GRENADA MISSISSIPPI
BUDGET COMPARISON SCHEDULE - CASH BUDETARY BASIS UNAUDITED
YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amount	
GENERAL FUND				
Expenditure				
FIRE				
PERSONNEL SERVICES	(\$2,512,843)	(\$2,416,554)	(\$2,409,727)	\$6,827
CONSUMABLE SUPPLIES	(\$97,700)	(\$52,701)	(\$52,701)	\$0
CONTRACTUAL/OTHER SERVICE	(\$155,100)	(\$122,630)	(\$122,630)	\$0
CAPITAL OUTLAY	(\$31,500)	(\$1,119)	(\$1,119)	\$0
FIRE Total	(\$2,797,143)	(\$2,593,003)	(\$2,586,177)	\$6,827
STREET				
PERSONNEL SERVICES	(\$496,255)	(\$478,739)	(\$477,061)	\$1,678
CONSUMABLE SUPPLIES	(\$126,400)	(\$108,466)	(\$108,466)	\$0
CONTRACTUAL/OTHER SERVICE	(\$759,342)	(\$732,784)	(\$732,784)	\$0
CAPITAL OUTLAY	(\$191,750)	(\$53,221)	(\$53,221)	\$0
STREET Total	(\$1,573,747)	(\$1,373,209)	(\$1,371,531)	\$1,678
PARKS & REC				
PERSONNEL SERVICES	(\$332,612)	(\$332,012)	(\$332,012)	\$0
CONSUMABLE SUPPLIES	(\$132,050)	(\$160,065)	(\$160,060)	\$6
CONTRACTUAL/OTHER SERVICE	(\$40,450)	(\$51,966)	(\$51,966)	\$0
CAPITAL OUTLAY	(\$33,500)	(\$9,949)	(\$9,949)	\$0
PARKS & REC Total	(\$538,612)	(\$553,992)	(\$553,987)	\$6
COMMUNITY SERVICES				
PERSONNEL SERVICES	(\$157,780)	(\$180,021)	(\$180,021)	\$0
CONSUMABLE SUPPLIES	(\$6,900)	(\$6,190)	(\$6,190)	\$0
CONTRACTUAL/OTHER SERVICE	(\$37,800)	(\$36,095)	(\$36,095)	\$0
CAPITAL OUTLAY	(\$19,050)	(\$2,252)	(\$2,252)	\$0
COMMUNITY SERVICES Total	(\$221,530)	(\$224,557)	(\$224,557)	\$0
PUBLIC PROPERTY				
PERSONNEL SERVICES	(\$481,554)	(\$397,999)	(\$397,999)	\$0
CONSUMABLE SUPPLIES	(\$80,450)	(\$70,858)	(\$70,858)	\$0
CONTRACTUAL/OTHER SERVICE	(\$269,350)	(\$285,081)	(\$285,081)	\$0
CAPITAL OUTLAY	(\$118,850)	(\$37,434)	(\$37,434)	\$0
PUBLIC PROPERTY Total	(\$950,204)	(\$791,371)	(\$791,371)	\$0
MVM				
PERSONNEL SERVICES	(\$116,858)	(\$129,599)	(\$129,599)	\$0
CONSUMABLE SUPPLIES	(\$6,275)	(\$3,666)	(\$3,666)	\$0
CONTRACTUAL/OTHER SERVICE	(\$14,200)	(\$12,341)	(\$12,341)	\$0
CAPITAL OUTLAY	(\$500)	(\$277)	(\$277)	\$0
MVM Total	(\$137,833)	(\$145,883)	(\$145,883)	\$0
TRANSFER ACCOUNT				
CONTRACTUAL/OTHER SERVICE	(\$103,871)	\$0	\$0	\$0
TRANSFER ACCOUNT Total	(\$103,871)	\$0	\$0	\$0
Expenditure Total	(\$12,149,230)	(\$11,868,242)	(\$11,852,732)	\$15,511
GENERAL FUND Total	\$0	(\$81,977)	(\$67,067)	\$14,911

**CITY OF GRENADA, MISSISSIPPI
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

A. BUDGETARY INFORMATION

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

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

B. BASIS OF PRESENTATION

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

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

C. BUDGET/GAAP RECONCILIATION

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

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

	General Fund
Budget (Cash Basis)	(67,046)
Increase (Decrease)	
Net Adjustments for Revenue Accruals	51,269
Net Adjustments for Expenditure Accruals	<u>(1,295,022)</u>
GAAP Basis	<u><u>\$ (1,410,820)</u></u>

CITY OF GRENADA, MISSISSIPPI
SCHEDULE OF CITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
FOR THE YEAR ENDED SEPTEMBER 30, 2017

Last 10 Fiscal Years*	<u>2015</u>	<u>2016</u>	<u>2017</u>
City's proportion of the net pension liability	0.090894%	0.091875%	0.095851%
City's proportionate share of the net pension liability	14,050,420	16,411,169	15,535,155
City's covered employee payroll	5,679,220	5,895,514	5,787,755
City's proportionate share of the net pension liability as a percentage of its covered employee payroll	247.40%	278.37%	275.30%
Plan Fiduciary net position as a percentage of the pension liability	61.70%	57.47%	61.49%

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, 2017

Last 10 Fiscal Years*	<u>2015</u>	<u>2016</u>	<u>2017</u>
Contractually required contribution	894,477	928,544	963,723
Contributions in relation to the contractually required contribution	894,479	925,696	963,723
Contribution deficiency (excess)	-2	2,848	0
City's covered employee payroll	5,679,220	5,895,514	6,118,876
Contributions as a percentage of covered employee payroll	100.00%	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
 01/15/2013

**CITY OF GRENADA, MISSISSIPPI
SCHEDULE OF LONG-TERM DEBT
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

Date Issued	Description	Transactions during year			Balance Outstanding Sept. 30, 2017
		Balance Outstanding Oct. 1, 2016	Issued	Redeemed	
General Obligations Bonds:					
12/1/2007	GO Public Improvement	2,465,000	0	155,000	2,310,000
11/12/2009	GO Public Improvement	1,085,000	0	345,000	740,000
6/1/2011	GO Public Improvement	6,125,000	0	300,000	5,825,000
Total General Obligation Bonds		9,675,000	0	800,000	8,875,000
Notes Payable:					
7/22/1999	ST MS Capital Improvement loan	105,585	0	35,040	70,545
10/6/2014	MDA Cap Loan Suburban	654,330	0	60,978	593,352
Total Notes Payable		759,915	0	96,018	663,897
Long Term Leases:					
12/28/2010	Fire Truck Rescue Pumper	272,738	0	50,577	222,161
2/23/2012	AVAYA IP Phone System	4,433	0	4,433	0
1/23/2013	Int Bucket Truck	19,779	0	14,778	5,001
4/11/2013	Kabota Tractor, Mower, and Cutter	14,115	0	14,115	0
5/24/2013	Two Ford Dump Trucks	27,250	0	27,250	0
12/15/2013	Police Radios at Motorola	113,722	0	36,629	77,093
Total Long Term Leases		452,037	0	147,782	304,255
Total Governmental Activities Long Term Liabilities		10,886,952	0	1,043,800	9,843,152
PROPRIETARY FUNDS LONG TERM DEBT:					
Special Obligation Bonds:					
5/21/2013	Refunding Combined Water & Sewer	5,645,000	0	370,000	5,275,000
Total Special Obligations Bonds		5,645,000	0	370,000	5,275,000
LONG TERM LEASES:					
2/6/2016	Bancorpsouth Water Meters and Lighting	3,307,469	0	217,527	3,089,942
6/3/2016	Four Ford 2015 F350 Trucks	121,648	0	24,019	97,629
Total Water Fund Long Term Debt		3,429,117	0	241,546	3,187,571
GOLF LEASES					
11/14/2013	Golf Carts financed by PNC	16,667	0	16,667	0
4/2/2014	Golf Equipment financed by Wells Fargo	13,853	0	9,143	4,710
Total Golf Leases		30,520	0	25,810	4,710
Total Proprietary Debt		\$ 9,104,637	\$ -	\$ 637,356	\$ 8,467,281
Total Long Term Debt		19,991,589	0	1,681,156	18,310,433
OPERATING LEASES					
8/11/2014	Yamaha Golf Carts	\$ 86,674	0	31,518	\$ 55,156

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

Name	Position	Company	Bond
Billy Collins	Mayor	Brierfield	\$100,000
Fredreick Wilson	City Councilman	Brierfield.	\$100,000
Ernest Hargrove	City Councilman	Brierfield.	\$100,000
Larry Woods Vance	City Councilman	Brierfield	\$100,000
Warren B. Cox Sr.	City Councilman	Brierfield	\$100,000
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
Trey Baker	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

(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 2015 because GASB 68 was implemented in the 2015 fiscal year.

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Member
Mississippi State Society of
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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, 2017, which collectively comprise the City of Grenada, Mississippi's basic financial statements and have issued our report thereon dated September 25, 2018. 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 2017-1.

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

RONNIE S. WINDHAM, CPA, PLLC
Oxford, Mississippi
September 25, 2018

RSW 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, 2017, 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 September 25, 2018

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 a material weakness. It is labeled as item 2017-1.

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 2017-1.

Purpose of this Report

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

Ronnie S. Windham CPA

RONNIE S. WINDHAM, CPA, PLLC
Oxford, Mississippi

September 25, 2018

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**CITY OF GRENADA, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2017**

**Significant Deficiency- Material Weakness
Compliance and Other Matters**

Finding No. 2017-1

Statement of Condition

The City does not calculate depreciation expense and 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 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 and the City does not verify the existence of the fixed assets that it owns.

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

Auditor's Recommendation

Management should prepare depreciation expense schedules for all funds. The City should conduct year-end inventory observations of its fixed assets needed to maintain accountability of assets.

**CITY OF GRENADA, MISSISSIPPI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

2016-1 FINDING NO. 1

Current Status: Not corrected, repeated as finding 2017-1

2016-2 FINDING NO. 2

Current Status: Corrected

2016-3 FINDING NO. 3

Current Status: Corrected

2016-4 FINDING NO. 4

Current Status: Corrected

2016-5 FINDING NO. 5

Current Status: Not Corrected, combined with 2017-1

2016-6 FINDING NO. 6

Current Status: Corrected

2016-7 FINDING NO. 7

Current Status: Corrected

2016-8 FINDING NO. 8

Current Status: Corrected

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Mayor
Billy F. Collins



City Council
Warren B. Cox Sr.
Fredrick Wilson
Lewis Johnson
Rev. Ernest C. Hargrove, Jr.
Joshua Hughes
Larry W. Vance
Ronald J. Merriman

**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, 2017.

Findings Relating to the Financial Statements Audit

Finding No. 2017-1

Auditor's Recommendation

Management should prepare depreciation expense schedules for all funds and inventory all Fixed Assets

ACTION TAKEN

The City will prepare depreciation schedules for all funds and inventory all Fixed Assets.

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