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**GRENADA COUNTY**

**AUDITED FINANCIAL STATEMENTS**  
**AND**  
**SPECIAL REPORTS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

## GRENADA COUNTY

### TABLE OF CONTENTS

FINANCIAL SECTION .....	1
INDEPENDENT AUDITOR'S REPORT .....	2
FINANCIAL STATEMENTS .....	5
Statement of Net Position .....	6
Statement of Activities .....	7
Balance Sheet - Governmental Funds .....	8
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position .....	9
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds .....	10
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	11
Statement of Fiduciary Net Position .....	12
Statement of Changes in Fiduciary Net Position .....	13
Notes to Financial Statements .....	14
REQUIRED SUPPLEMENTARY INFORMATION .....	33
Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) General Fund .....	34
Economic Development Fund .....	35
EDA Investment Grant Fund .....	36
Schedule of the County's Contributions .....	37
Schedule of the County's Proportionate Share of the Net Pension Liability .....	38
Notes to the Required Supplementary Information .....	39
SUPPLEMENTAL INFORMATION .....	42
Schedule of Expenditures of Federal Awards .....	43
Reconciliation of Operating Costs of Solid Waste .....	45
OTHER INFORMATION .....	46
Schedule of Surety Bonds for County Officials .....	47
SPECIAL REPORTS .....	48
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	49
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the OMB Uniform Guidance .....	51
Independent Accountant's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules (Required by Section 31-7-115, Miss. Code Ann. (1972)) .....	53
Limited Internal Control and Compliance Review Management Report .....	58
SCHEDULE OF FINDINGS AND QUESTIONED COSTS .....	59

GRENADA COUNTY

FINANCIAL SECTION

# Windham and Lacey, PLLC

## *Certified Public Accountants*

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### INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors  
Grenada County, Mississippi

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

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Grenada County, Mississippi, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the basic financial statements of the County's primary government as listed in the table of contents.

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

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

#### **Auditor's Responsibility**

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

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

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

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

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

## **Adverse Opinion**

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units" paragraph, the financial statements referred to above do not present fairly, the financial position of the aggregate discretely presented component unit of Grenada County, Mississippi, as of September 30, 2018, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Unmodified Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Grenada County, Mississippi, as of September 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Omission of Required Supplementary Information*

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

### *Supplemental and Other Information*

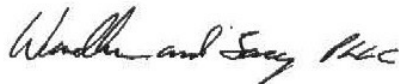
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Grenada County, Mississippi's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards and Reconciliation of Operating Costs of Solid Waste are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The Schedule of Expenditures of Federal Awards and Reconciliation of Operating Costs of Solid Waste has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and the Reconciliation of Operating Costs of Solid Waste are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 6, 2019 on our consideration of Grenada County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Grenada County, Mississippi's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Grenada County, Mississippi's internal control over financial reporting and compliance.



Windham and Lacey, PLLC  
September 6, 2019



GRENADA COUNTY

FINANCIAL STATEMENTS

GRENADA COUNTY  
Statement of Net Position  
September 30, 2018

Exhibit 1

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
<b>ASSETS</b>	
Cash	\$ 14,803,887
Property tax receivable	8,995,050
Accounts receivable (net of allowance for uncollectibles of \$88,168)	93,665
Fines receivable (net of allowance for uncollectibles of \$626,118)	141,279
Intergovernmental receivables	484,366
Other receivables	58,168
Capital assets:	
Land and construction in progress	6,682,104
Capital assets, net	<u>38,229,197</u>
Total Assets	<u>69,487,716</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	<u>588,491</u>
<b>LIABILITIES</b>	
Claims payable	396,664
Amounts held in custody for others	188,304
Intergovernmental payables	224,894
Accrued interest payable	6,491
Unearned revenue	7,082
Long-term liabilities:	
Due within one year:	
Capital debt	465,790
Due in more than one year:	
Capital debt	6,035,827
Net pension liability	<u>9,522,708</u>
Total Liabilities	<u>16,847,760</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions	1,241,760
Property tax for future reporting period	<u>8,995,050</u>
Total Deferred Inflows of Resources	<u>10,236,810</u>
<b>NET POSITION</b>	
Net investment in capital assets	38,409,684
Restricted:	
Expendable:	
General government	301,063
Debt service	427,759
Public safety	177,941
Public works	2,984,956
Economic development	5,827,027
Unrestricted	<u>(5,136,793)</u>
Total Net Position	<u>\$ 42,991,637</u>

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

GRENADA COUNTY  
Statement of Activities  
For the Year Ended September 30, 2018

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
Primary Government:					
Governmental Activities:					
General government	\$ 3,740,278	384,554	11,074		(3,344,650)
Public safety	3,934,061	613,708	50,961	69,100	(3,200,292)
Public works	5,712,586	781,969	4,390,725	66,331	(473,561)
Health and welfare	359,369		322,715		(36,654)
Culture and recreation	122,000		6,940		(115,060)
Conservation of natural resources	88,060				(88,060)
Economic development and assistance	580,167		5,544		(574,623)
Interest on long-term debt	98,401				(98,401)
Pension expense	1,011,724				(1,011,724)
Total Governmental Activities	\$ 15,646,646	1,780,231	4,787,959	135,431	(8,943,025)
General Revenues:					
Property taxes				\$	9,269,275
Road & bridge privilege taxes					268,342
Grants and contributions not restricted to specific programs					1,507,539
Unrestricted interest income					177,911
Miscellaneous					1,222,747
Total General Revenues					12,445,814
Changes in Net Position					3,502,789
Net Position - Beginning					37,151,568
Prior Period Adjustments					2,337,280
Net Position - Beginning, as Restated					39,488,848
Net Position - Ending					\$ 42,991,637

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

GRENADA COUNTY  
Balance Sheet - Governmental Funds  
September 30, 2018

Exhibit 3

	<u>Major Funds</u>				
	<u>General Fund</u>	<u>Economic Development Fund</u>	<u>EDA Investment Grant Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash	\$ 5,085,561	5,510,109	1,104,934	3,103,283	14,803,887
Property tax receivable	5,914,965			3,080,085	8,995,050
Accounts receivable (net of allowance for uncollectibles, \$88,168)				93,665	93,665
Fines receivable (net of allowance for uncollectibles, \$626,118)	141,279				141,279
Intergovernmental receivables	245,206		169,105	70,055	484,366
Other receivables	45,211	7,539		5,418	58,168
Due from other funds	162,300			58,346	220,646
Total Assets	<u>\$ 11,594,522</u>	<u>5,517,648</u>	<u>1,274,039</u>	<u>6,410,852</u>	<u>24,797,061</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
Liabilities:					
Claims payable	\$ 153,538		50,454	192,672	396,664
Intergovernmental payables	220,717			4,177	224,894
Unearned revenue				7,082	7,082
Due to other funds	58,346			162,300	220,646
Amounts held in custody for others	188,304				188,304
Total Liabilities	<u>620,905</u>	<u>0</u>	<u>50,454</u>	<u>366,231</u>	<u>1,037,590</u>
Deferred Inflows of Resources:					
Unavailable revenue - property taxes	5,914,965			3,080,085	8,995,050
Unavailable revenue - accounts receivable				93,665	93,665
Unavailable revenue - fines	141,279				141,279
Total Deferred Inflows of Resources	<u>6,056,244</u>	<u>0</u>	<u>0</u>	<u>3,173,750</u>	<u>9,229,994</u>
Fund Balances:					
Restricted:					
General government				301,063	301,063
Public safety				177,941	177,941
Public works				1,667,706	1,667,706
Economic development				309,379	309,379
Debt service				434,250	434,250
Committed:					
Public works			1,223,585		1,223,585
Economic development		5,517,648			5,517,648
Unassigned	4,917,373			(19,468)	4,897,905
Total Fund Balances	<u>4,917,373</u>	<u>5,517,648</u>	<u>1,223,585</u>	<u>2,870,871</u>	<u>14,529,477</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 11,594,522</u>	<u>5,517,648</u>	<u>1,274,039</u>	<u>6,410,852</u>	<u>24,797,061</u>

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

## GRENADA COUNTY

Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position  
September 30, 2018Exhibit 3-1

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 14,529,477
Amounts reported for governmental services in the Statement of Net Position (Exhibit 1) are different because:	
Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$58,564,011.	44,911,301
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	234,944
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(6,501,617)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(6,491)
Pension Obligations:	
Pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	
Net pension liability	(9,522,708)
Deferred outflows of resources related to pension obligations are applicable to future periods and, therefore, are not reported in the funds.	
Deferred outflows of resources related to pension obligations	588,491
Deferred inflows of resources related to pension obligations	<u>(1,241,760)</u>
Total Net Position - Governmental Activities	\$ <u>42,991,637</u>

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

## GRENADA COUNTY

Exhibit 4

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds  
For the Year Ended September 30, 2018

	Major Funds				
	General Fund	Economic Development Fund	EDA Investment Grant Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Property taxes	\$ 5,860,260			3,409,015	9,269,275
Road and bridge privilege taxes				268,342	268,342
Licenses, commissions and other revenue	300,522			311,025	611,547
Fines and forfeitures	115,202			4,963	120,165
Intergovernmental revenues	1,120,344		2,092,451	3,218,134	6,430,929
Charges for services	443,897			648,339	1,092,236
Interest income	102,426	48,274		27,211	177,911
Miscellaneous revenues	262,990			930,243	1,193,233
Total Revenues	8,205,641	48,274	2,092,451	8,817,272	19,163,638
<b>EXPENDITURES</b>					
Current:					
General government	3,581,155			524,033	4,105,188
Public safety	3,093,972			918,024	4,011,996
Public works	8,676		2,774,471	5,523,654	8,306,801
Health and welfare	166,173			185,254	351,427
Culture and recreation	122,000				122,000
Conservation of natural resources	88,060				88,060
Economic development and assistance	463,833			2,471	466,304
Debt Service:					
Principal	22,336			346,983	369,319
Interest	1,858			96,960	98,818
Total Expenditures	7,548,063	0	2,774,471	7,597,379	17,919,913
Excess of Revenues over (under) Expenditures	657,578	48,274	(682,020)	1,219,893	1,243,725
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from long-term debt			3,033,162	125,175	3,158,337
Proceeds from sale of capital assets	16,200			44,093	60,293
Transfers in				908,422	908,422
Transfers out	(222,914)			(685,508)	(908,422)
Total Other Financing Sources and Uses	(206,714)	0	3,033,162	392,182	3,218,630
Net Changes in Fund Balances	450,864	48,274	2,351,142	1,612,075	4,462,355
Fund Balance - Beginning, as Previously Reported	4,488,651	5,469,374	(1,127,557)	1,258,796	10,089,264
Prior Period Adjustments	(22,142)				(22,142)
Fund Balance - Beginning, as Restated	4,466,509	5,469,374	(1,127,557)	1,258,796	10,067,122
Fund Balances - Ending	\$ 4,917,373	5,517,648	1,223,585	2,870,871	14,529,477

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

## GRENADA COUNTY

Exhibit 4-1

Reconciliation of the Statement of Revenues, Expenditures and Changes in  
Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended September 30, 2018

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ 4,462,355
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net assets differs from the change in fund balances by the amount that capital outlays of \$3,711,620 exceeded depreciation of \$1,375,129 in the current period.	2,336,491
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources and loss from the sale of capital assets decreases financial resources. Thus, the change in net position differs from the change in the fund balances by the amount of gains of \$29,514 and losses of \$2,721 and the proceeds from the sale of \$60,293 in the current period.	(33,500)
Fine revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	18,892
Solid waste revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	(62,609)
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Thus, the change in net assets differs from the change in fund balances by the amount that debt proceeds of \$3,158,337 exceeded debt repayments of \$369,319.	(2,789,018)
Items reported in the Statement of Activities relating to the implementation of GASB 68 are not reported in the governmental funds. These activities include:	
Recognition of pension expense for the current year	(1,011,724)
Recognition of contributions made subsequent to the measurement date	147,019
Recognition of contributions made in the fiscal year prior to the measurement date	434,466
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net assets differs from the change in fund balances by the following item:	
The amount of decrease in accrued interest payable.	<u>417</u>
Change in Net Position of Governmental Activities	\$ <u><u>3,502,789</u></u>

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

GRENADA COUNTY  
Statement of Fiduciary Net Position  
September 30, 2018

Exhibit 5

	Private-Purpose Trust Funds	Agency Funds
ASSETS		
Cash	\$ 121,965	76,740
Total Assets	121,965	76,740
LIABILITIES		
Other liabilities		67,045
Intergovernmental payables		9,695
Total Liabilities	0	76,740
NET POSITION		
Held in trust for:		
Individuals, organizations and other governments	\$ 121,965	0

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



GRENADA COUNTY  
Statement of Changes in Fiduciary Net Position  
For the Year Ended September 30, 2018

Exhibit 6

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

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

## GRENADA COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2018

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

##### A. Financial Reporting Entity.

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

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

- Grenada Lake Medical Center

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

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

##### B. Basis of Presentation.

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

##### Government-wide Financial Statements:

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

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

## GRENADA COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2018

#### Fund Financial Statements:

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

#### C. Measurement Focus and Basis of Accounting.

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

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

The County reports the following major Governmental Funds:

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

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

EDA Investment Grant Fund - This fund is used to account for monies from specific revenue sources that are restricted to expenditures for industrial park improvements.

Additionally, the County reports the following fund types:

#### GOVERNMENTAL FUND TYPES

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

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

## GRENADA COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2018

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

#### FIDUCIARY FUND TYPES

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

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

#### D. Account Classifications.

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

#### E. Deposits and Investments.

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

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

#### F. Receivables.

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

#### G. Interfund Transactions and Balances.

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

# GRENADA COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2018

### H. Capital Assets.

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

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

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

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

### I. Deferred Outflows/Inflows of Resources.

#### Deferred Outflows of Resources.

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

The County reports the following items in this category:

#### Government-wide Statement of Net Position:

- Deferred outflows related to pensions - This amount represents the County's proportionate share of the deferred outflows of resources reported by the pension plan in which the County participates. Refer to Note 10 for additional details.

## GRENADA COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2018

#### Deferred Inflows of Resources.

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 and so will not be recognized as an inflow of resources (revenue) until that time.

The County reports the following items in this category:

#### Government-wide Statement of Net Position:

- Property tax for future reporting period - This item results from recording a receivable for property tax revenue when the revenue will not be available until a future reporting period.
- Deferred inflows related to pensions - This amount represents the County's proportionate share of the deferred inflows of resources reported by the pension plan in which the County participates. Refer to Note 10 for additional details.

#### Governmental Funds Balance Sheet:

- Unavailable revenue - property taxes - This item results from recording a receivable for property tax revenue when the revenue will not be available until a future reporting period.  
  
Unavailable revenue - accounts receivable - This item results from recording a receivable for solid waste collection service revenue when the revenue will not be available until a future reporting period.
- Unavailable revenue-fines - This amount represents the portion of fines receivable that does not meet the *current financial resources* criteria, and accordingly, will not be available until a future reporting period.

#### J. Pensions.

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

#### K. Long-term Liabilities.

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

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities, Statement of Net Position.

## GRENADA COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2018

#### L. Equity Classifications.

##### Government-wide Financial Statements:

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

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

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

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

##### Net Position Flow Assumption:

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

##### Fund Financial Statements:

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

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

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

*Committed fund balance* includes amounts that can be used only for specific purposes pursuant to constraints imposed by a formal action of the Board of Supervisors, the County's highest level of decision-making authority. This formal action is an order of the Board of Supervisors as approved in the board minutes.

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

## GRENADA COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2018

#### Fund Balance Flow Assumption:

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

#### M. Property Tax Revenues.

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

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

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

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

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

#### (2) Prior Period Adjustments.

A summary of significant fund equity adjustments is as follows:

##### Exhibit 2 - Statement of Activities - Governmental Activities

<u>Explanation</u>	<u>Amount</u>
To correct errors in receivables	\$ (22,142)
To correct errors in capital assets	2,358,315
To correct errors in debt	<u>1,107</u>
Total Prior Period Adjustments	\$ <u><u>2,337,280</u></u>

(Continued)



# GRENADA COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2018

### Exhibit 4 - Statement of Revenues, Expenses and Changes in Fund Balances - Governmental Funds

#### General Fund

<u>Explanation</u>	<u>Amount</u>
To correct errors in receivables	\$ <u>(22,142)</u>

#### (3) Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2018, was \$15,002,592 and the bank balance was \$15,276,707. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation (FDIC).

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

#### (4) Interfund Transactions and Balances.

The following is a summary of interfund balances at September 30, 2018:

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 162,300
Other Governmental Funds	General Fund	<u>58,346</u>
Total		\$ <u>220,646</u>

The receivables represent tax revenue collected but not settled until October, 2018, and monies to cover operating cost. All interfund balances are expected to be repaid within one year from the date of the financial transaction.

(Continued)

# GRENADA COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2018

### B. Transfers In/Out:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Other Governmental Funds	General Fund	\$ 222,914
Other Governmental Funds	Other Governmental Funds	<u>685,508</u>
Total		<u>\$ 908,422</u>

The principal purpose of the interfund transfers was to provide funds for County operations, to distribute escrow funds, and to close funds. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

### (5) Intergovernmental receivables at September 30, 2018, consisted of the following:

<u>Description</u>	<u>Amount</u>
Governmental Activities:	
Legislative tag credit	\$ 117,111
Economic Development Administration Public Works Program	169,105
Reimbursement for housing prisoners	85,453
Reimbursement for State Aid Road	10,540
Welfare reimbursement	3,886
Victims Assistance	13,855
Truck & bus privilege tax	14,998
Drug Court	10,959
Youth Court	5,754
Patrolling Grenada Lake	5,566
Timber severance tax	1,025
Petroleum tax	44,696
Garbage collection	<u>1,418</u>
Total Governmental Activities	<u>\$ 484,366</u>

GRENADA COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2018

(6) Capital Assets.

The following is a summary of capital assets activity for the year ended September 30, 2018:

Governmental Activities:

	Balance Oct. 1, 2017	Additions	Deletions	Adjustments *	Balance Sept. 30, 2018
<u>Non-depreciable capital assets:</u>					
Land	\$ 1,248,226	147,719			1,395,945
Construction in progress	63,466	2,864,378		2,358,315	5,286,159
Total non-depreciable capital assets	<u>1,311,692</u>	<u>3,012,097</u>	<u>0</u>	<u>2,358,315</u>	<u>6,682,104</u>
<u>Depreciable capital assets:</u>					
Infrastructure	64,689,034				64,689,034
Buildings	23,044,538				23,044,538
Mobile equipment	6,532,499	353,692	131,492	119,419	6,874,118
Furniture and equipment	805,594	153,322			958,916
Leased property under capital leases	1,153,512	192,509		(119,419)	1,226,602
Total depreciable capital assets	<u>96,225,177</u>	<u>699,523</u>	<u>131,492</u>	<u>0</u>	<u>96,793,208</u>
<u>Less accumulated depreciation for:</u>					
Infrastructure	41,135,824	462,752			41,598,576
Buildings	9,866,952	388,695			10,255,647
Mobile equipment	5,298,637	245,248	97,992	96,465	5,542,358
Furniture and equipment	490,196	87,751			577,947
Leased property under capital leases	495,265	190,683		(96,465)	589,483
Total accumulated depreciation	<u>57,286,874</u>	<u>1,375,129</u>	<u>97,992</u>	<u>0</u>	<u>58,564,011</u>
Total depreciable capital assets, net	<u>38,938,303</u>	<u>(675,606)</u>	<u>33,500</u>	<u>0</u>	<u>38,229,197</u>
Governmental activities capital assets, net	<u>\$ 40,249,995</u>	<u>2,336,491</u>	<u>33,500</u>	<u>2,358,315</u>	<u>44,911,301</u>

\* Adjustments are to transfer paid out capital leases to their proper classification and to correct a prior year error in the balance of construction in progress.

Depreciation expense was charged to the following functions:

	Amount
Governmental Activities:	
General government	\$ 102,449
Public safety	308,991
Public works	752,384
Health and welfare	7,942
Economic Development	<u>203,363</u>
Total governmental activities depreciation expense	<u>\$ 1,375,129</u>

# GRENADA COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2018

### (7) Claims and Judgments.

#### Risk Financing.

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2018, to January 1, 2019. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

### (8) Operating Leases.

#### As Lessor:

The County receives income from property it leases under non-cancellable operating leases. Total income from such leases was \$35,230 for the year ending September 30, 2018. The future minimum lease receivables for these leases are as follows:

<u>Year Ending September 30:</u>	<u>Amount</u>
2019	\$ <u>33,615</u>

### (9) Capital Leases.

#### As Lessee:

The County is obligated for the following capital assets acquired through capital leases as of September 30, 2018:

<u>Classes of Property</u>	<u>Governmental Activities</u>
Mobile equipment	\$ 1,226,602
Less: Accumulated depreciation	<u>(589,483)</u>
Leased Property Under Capital Leases	\$ <u>637,119</u>

<u>Year Ending September 30:</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$ 179,890	7,711
2020	139,664	4,208
2021	75,695	1,675
2022	37,105	600
2023	<u>3,438</u>	<u>20</u>
Total	\$ <u>435,792</u>	<u>14,214</u>

## GRENADA COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2018

#### (10) Defined Benefit Pension Plan.

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

Plan Description - Grenada County is a member of the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan as defined in GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Membership in PERS is a condition of employment and is granted upon hiring for qualifying employees and officials of the County. Code Section 25-11-15, Miss. Code Ann. (1972), grants the authority for general administration and proper operation of PERS to the PERS Board of Trustees (PERS Board). PERS issues a publicly available Comprehensive Annual Financial Report that can be obtained at [www.pers.ms.gov](http://www.pers.ms.gov).

Benefits Provided - For those persons employed by political subdivisions and instrumentalities of the State of Mississippi membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who become 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 2.00% of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.50% for each additional year of credited 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. A member may elect a reduced retirement allowance payable for life with the provision that, after death, a beneficiary receives benefits for life or for a specified number of years. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007).

PERS also provides certain death and disability benefits. In the event of death prior to retirement of any member whose spouse and/or children are not entitled to a retirement allowance, the deceased member's accumulated contributions and interest are paid to the designated beneficiary. Benefit provisions are established by Section 25-11-1 et seq., Miss. Code Ann. (1972), and may be amended only by the State Legislature.

A Cost of Living Adjustment (COLA) is made to eligible retirees and beneficiaries. The COLA is equal to 3 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 percent compounded for each fiscal year thereafter.

Contributions. Per Chapter 11 of Title 25, Miss. Code Ann. (1972), contribution requirements of plan members and their employers are established and may be amended only by the PERS Board. The adequacy of these rates is assessed annually by actuarial valuation. For the year ended September 30, 2018, member employees were required to contribute 9.00 percent of their annual pay, while the County's required contribution rate was 15.75 percent of annual covered payroll.

The County's contributions (employer share only) to PERS for the year ended September 30, 2018, 2017 and 2016 were \$581,485, \$628,843 and \$627,675, respectively, equal to the required contribution for each year.

# GRENADA COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2018

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

At September 30, 2018, the County reported a liability of \$9,522,708 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The County's proportionate share used to calculate the September 30, 2018 net pension liability was .057252 percent, which was based on a measurement date of June 30, 2018. This was a decrease of .007670 percent from its proportionate share used to calculate the September 30, 2017 net pension liability, which was based on a measurement date of June 30, 2017.

For the year ended September 30, 2018, Grenada County recognized pension expense of \$1,011,724.

At September 30, 2018, Grenada County 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	\$ 43,005	45,521
Net difference between projected and actual earnings on pension plan investments		242,888
Changes of assumptions	908	
Changes in the County's proportion and differences between the County's contributions and proportionate share of contributions	397,559	953,351
County contributions subsequent to the measurement date	147,019	
Total	<u>\$ 588,491</u>	<u>1,241,760</u>

\$147,019 reported as deferred outflows of resources related to pension resulting from County contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2019. Other amounts will increase (deferred outflows of resources) or reduce (deferred inflows of resources) pension expense as appropriate:

<u>Year Ending September 30:</u>	Deferred Outflows of Resources	Deferred Inflows of Resources
2019	\$ 326,788	269,264
2020	111,862	382,513
2021	2,822	547,157
2022		42,826
Total	<u>\$ 441,472</u>	<u>1,241,760</u>

# GRENADA COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2018

**Actuarial Assumptions.** The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.25 - 18.50 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 Healthy Annuitant Blue Collar Table Projected with Scale BB to 2018, with male rates set forward one year.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2016. The experience report is dated April 18, 2017.

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

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2018, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
U.S. Broad	27.00	% 4.60
International Equity	18.00	4.50
Emerging Markets Equity	4.00	4.75
Fixed Income	18.00	0.75
Global	12.00	4.75
Emerging Debt	2.00	2.25
Real Estate	10.00	3.50
Private Equity	8.00	5.10
Cash	1.00	0.00
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.

# GRENADA COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2018

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
County's proportionate share of the net pension liability	\$ 12,538,675	9,522,708	7,016,043

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS Comprehensive Annual Financial Report.

### (11) Long-term Debt.

Debt outstanding as of September 30, 2018, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
A. General Obligation Bonds:			
Holmes Community College general obligation bonds 2011	\$ 2,220,000	3.10/4.40%	04/31
Total General Obligation Bonds	\$ 2,220,000		
B. Capital Leases:			
Tractor & mower	1,794	2.09%	02/19
2 tractors & cutters	3,719	2.07%	03/19
Motor grader	29,136	1.94%	09/19
Rescue fire truck	42,340	2.01%	08/20
2 John Deere tractors	25,325	2.11%	08/20
John Deere tractor	12,229	2.20%	10/20
Excavator	53,789	2.01%	12/20
2016 Ford F750 dump truck	41,774	1.94%	06/21
2016 Ford F750 dump truck	41,774	1.94%	06/21
Kubota tractor & boom mower	49,887	1.98%	12/21
John Deere tractor	29,747	2.51%	09/22
Caterpillar backhoe	55,697	2.44%	11/22
John Deere backhoe	48,581	2.44%	12/22
Total Capital Leases	\$ 435,792		

(Continued)



# GRENADA COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2018

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
C. Other Loans:			
Freight Rail revolving loan	\$ 3,811,190	0.00%	09/32
Grenada Manufacturing CAP loan	<u>34,635</u>	4.65%	08/19
Total Other Loans	<u>\$ 3,845,825</u>		

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

### Governmental Activities:

Year Ending September 30:	General Obligation Bonds		Other Loans	
	Principal	Interest	Principal	Interest
2019	\$ 130,000	77,895	155,900	678
2020	135,000	72,695	259,890	
2021	145,000	67,565	259,890	
2022	150,000	62,925	259,890	
2023	155,000	58,275	259,890	
2024-2028	880,000	210,933	1,299,450	
2029-2034	<u>625,000</u>	<u>46,805</u>	<u>1,350,915</u>	
Total	<u>\$ 2,220,000</u>	<u>597,093</u>	<u>3,845,825</u>	<u>678</u>

Legal Debt Margin - The amount of debt, excluding specific exempted debt, that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a County issues bonds to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2018, the amount of outstanding debt was equal to 1.04% of the latest property assessments.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2018:

	Balance Oct. 1, 2017	Additions	Reductions	Adjustments *	Balance Sept. 30, 2018	Amount due within one year
Governmental Activities:						
General obligation bonds	\$ 2,345,000		125,000		2,220,000	130,000
Capital leases	523,135	125,175	211,411	(1,107)	435,792	179,890
Other loans	<u>845,571</u>	<u>3,033,162</u>	<u>32,908</u>		<u>3,845,825</u>	<u>155,900</u>
Total	<u>\$ 3,713,706</u>	<u>3,158,337</u>	<u>369,319</u>	<u>(1,107)</u>	<u>6,501,617</u>	<u>465,790</u>

\* To correct prior year error in beginning balance of a capital lease.

# GRENADA COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2018

### (12) Deficit Fund Balances of Individual Funds.

The following funds reported deficits in fund balances at September 30, 2018:

Fund	Deficit Amount
Sheriff's Lake Fund	\$ 9,628
District 2 Road Fund	\$ 9,840

### (13) Contingencies.

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

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

### (14) Effect of Deferred Amounts on Net Position.

The governmental activities' unrestricted net position amount of (\$5,136,793) includes the effect of deferred inflows/outflows on resources related to pensions. A portion of the deferred outflow of resources related to pensions in the amount of \$147,019 resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2019. The \$441,472 balance of the deferred outflow of resources related to pensions at September 30, 2018, will be recognized in pension expense over the next 3 years. The \$1,241,760 balance of the deferred inflow of resources related to pensions at September 30, 2018, will be recognized in pension expense over the next 4 years.

### (15) Related Organization.

The Grenada County Board of Supervisors is responsible for appointing a voting majority of the board members of GT&Y Utility District, but the County's accountability for this organization does not exceed beyond making the appointments. The County did not appropriate any funds for the maintenance and support of the District in fiscal year 2018.

The Elizabeth Jones Library is a City/County library which provides library services to the citizens of Grenada County and the City of Grenada. Grenada County appoints all five members to the Library's Board of Trustees but the County's accountability for this organization does not extend beyond making the appointments. The County appropriated \$100,000 for maintenance and support of the Library in fiscal year 2018.

### (16) Jointly Governed Organizations.

The County participates in the following jointly governed organizations:

Mississippi Regional Housing Authority IV operates in a district composed of the Counties of Carroll, Choctaw, Clay, Grenada, Lowndes, Montgomery, Oktibbeha, Webster and Winston. The Grenada County Board of Supervisors appoints one of the nine members of the board of commissioners. The County did not appropriate for maintenance and support of the Authority in fiscal year 2018.

## GRENADA COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2018

Region Six Mental Health/Mental Retardation Center/Life Help operates in a district composed of the Counties of Attala, Carroll, Grenada, Holmes, Humphreys, Leflore, Montgomery and Sunflower. The Grenada County Board of Supervisors appoints one of the eight members of the board of commissioners. The County appropriated \$35,881 for maintenance and support of the Center in fiscal year 2018.

The North Central Planning and Development District operates in a district composed of the Counties of Attala, Carroll, Grenada, Holmes, Leflore, Montgomery and Yalobusha. The Grenada County Board of Supervisors appoints four of the twenty-eight members of the District board of directors. The County appropriated \$44,500 for maintenance and support of the District in fiscal year 2018.

Holmes Community College operates in a district composed of the Counties of Attala, Carroll, Choctaw, Grenada, Holmes, Madison, Montgomery, Webster and Yazoo. The Grenada County Board of Supervisors appoints two of the 22 members of the College's board of trustees. The County levied \$384,210 in taxes for maintenance and support of the College in fiscal year 2018.

#### (17) Tax Abatements.

For the year beginning October 1, 2016, the Governmental Accounting Standards Board (GASB) implemented Statement No. 77, *Tax Abatements Disclosures*. This statement requires governmental entities to disclose the reduction in tax revenues resulting from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the government or the citizens of those governments.

The Grenada County Board of Supervisors negotiates property tax abatements on an individual basis. All abatements are for 10 years and are for economic development purposes. The County had tax abatement agreements with fourteen entities as of September 30, 2018.

#### Section 27-31-34, Miss. Code (Ann.) 1972

Lease contracts, leases or leaseholds

There are two companies that have abatements under this statute.

#### Section 27-31-101 through Section 27-31-117, Miss. Code (Ann.) 1972

All allowable property tax levies

Payments in lieu of taxes

There are twelve companies that have abatements under these statutes.

<u>Category</u>	<u>Amount of Taxes Abated During the Fiscal Year</u>	
Additions to furniture, mobile equipment and inventory	\$	356,501
Leasehold interest construction	\$	87,412

GRENADA COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2018

(18) Subsequent Events.

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of Grenada County evaluated the activity of the county through September 6, 2019, and determined that the following events have occurred subsequent to the Statement of Net Position date requiring disclosure in the notes to the financial statements:

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
12/17/2018	3.92%	\$ 205,000	Lease purchase	Ad valorem taxes
02/19/2019	4.04%	\$ 77,883	Lease purchase	Ad valorem taxes

(19) Commitments.

The County entered into two contracts for a rail spur project and a water well project that totaled \$1,625,806. At year-end the County is committed to paying the remaining balances of the contracts totaling \$66,744. These commitments are expected to be paid in 2019.

GRENADA COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

GRENADA COUNTY  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis)  
 General Fund  
 For the Year Ended September 30, 2018 - UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 5,501,825	5,872,247	5,872,247	
Licenses, commissions and other revenue	218,925	305,718	305,718	
Fines and forfeitures	207,000	147,473	147,473	
Special assessments	400	848	848	
Intergovernmental revenues	1,059,600	1,093,882	1,093,882	
Charges for services	462,000	378,893	378,893	
Interest income	22,100	98,045	98,045	
Miscellaneous revenues	257,550	333,867	333,867	
Total Revenues	<u>7,729,400</u>	<u>8,230,973</u>	<u>8,230,973</u>	<u>0</u>
<b>EXPENDITURES</b>				
Current:				
General government	4,617,825	3,650,235	3,650,235	
Public safety	3,220,920	3,051,530	3,051,530	
Public works	8,000	8,508	8,508	
Health and welfare	193,711	166,821	166,821	
Culture and recreation	106,000	106,000	106,000	
Education	22,000	22,000	22,000	
Conservation of natural resources	94,503	86,145	86,145	
Economic development and assistance	459,500	465,500	465,500	
Debt Service:				
Principal		23,106	23,106	
Interest		1,088	1,088	
Total Expenditures	<u>8,722,459</u>	<u>7,580,933</u>	<u>7,580,933</u>	<u>0</u>
Excess of Revenues				
Over (Under) Expenditures	<u>(993,059)</u>	<u>650,040</u>	<u>650,040</u>	<u>0</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Other financing uses	(186,000)	(374,959)	(416,045)	(41,086)
Total Other Financing Sources and Uses	<u>(186,000)</u>	<u>(374,959)</u>	<u>(416,045)</u>	<u>(41,086)</u>
Net Change in Fund Balance	(1,179,059)	275,081	233,995	(41,086)
Fund Balances - Beginning	<u>3,936,664</u>	<u>4,378,570</u>	<u>4,419,656</u>	<u>41,086</u>
Fund Balances - Ending	<u>\$ 2,757,605</u>	<u>4,653,651</u>	<u>4,653,651</u>	<u>0</u>

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

GRENADA COUNTY  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis)  
 Economic Development Fund  
 For the Year Ended September 30, 2018 - UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Interest income	\$ 1,500	41,710	41,710	0
Total Revenues	<u>1,500</u>	<u>41,710</u>	<u>41,710</u>	<u>0</u>
EXPENDITURES				
Current:				
Economic development	<u>1,869,196</u>			
Total Expenditures	<u>1,869,196</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,867,696)</u>	<u>41,710</u>	<u>41,710</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Other financing sources		<u>1,200,000</u>	<u>1,200,000</u>	
Total Other Financing Sources and Uses	<u>0</u>	<u>1,200,000</u>	<u>1,200,000</u>	<u>0</u>
Net Change in Fund Balance	(1,867,696)	1,241,710	1,241,710	0
Fund Balances - Beginning	<u>4,267,696</u>	<u>4,268,399</u>	<u>4,268,399</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 2,400,000</u>	<u>5,510,109</u>	<u>5,510,109</u>	<u>0</u>

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

GRENADA COUNTY  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis)  
 EDA Investment Grant Fund  
 For the Year Ended September 30, 2018 - UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental revenue	\$ 2,276,527	5,002,508	5,002,508	
Total Revenues	<u>2,276,527</u>	<u>5,002,508</u>	<u>5,002,508</u>	<u>0</u>
EXPENDITURES				
Current:				
Public works	<u>3,221,949</u>	<u>3,710,497</u>	<u>3,710,497</u>	<u>0</u>
Total Expenditures	<u>3,221,949</u>	<u>3,710,497</u>	<u>3,710,497</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	<u>(945,422)</u>	<u>1,292,011</u>	<u>1,292,011</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Other financing uses		<u>(1,080,000)</u>	<u>(1,080,000)</u>	<u>0</u>
Total Other Financing Sources and Uses	<u>0</u>	<u>(1,080,000)</u>	<u>(1,080,000)</u>	<u>0</u>
Net Change in Fund Balance	(945,422)	212,011	212,011	0
Fund Balances - Beginning	<u>945,422</u>	<u>892,923</u>	<u>892,923</u>	<u>0</u>
Fund Balances - Ending	\$ <u><u>0</u></u>	<u><u>1,104,934</u></u>	<u><u>1,104,934</u></u>	<u><u>0</u></u>

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



GRENADA COUNTY  
Schedule of the County's Contributions  
Last 10 Fiscal Years\*  
For the Year Ended September 30, 2018 - UNAUDITED

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 581,485	624,582	627,675	590,754	587,655
Contributions in relation to the contractually required contribution	<u>581,485</u>	<u>624,582</u>	<u>627,675</u>	<u>590,754</u>	<u>587,655</u>
Contribution deficiency (excess)	\$ <u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
County covered payroll	\$ 3,691,968	3,965,597	3,985,238	3,750,819	3,731,143
Contributions as a percentage of covered payroll	15.75 %	15.75 %	15.75 %	15.75 %	15.75 %

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

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

GRENADA COUNTY  
Schedule of the County's Proportionate Share of the Net Pension Liability  
Last 10 Fiscal Years\*  
For the Year Ended September 30, 2018 - UNAUDITED

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset)	\$ 9,522,708	10,792,239	10,620,683	9,173,103	7,349,904
County's proportionate share of the net pension liability (asset)	0.057252 %	0.064922 %	0.059458 %	0.059342 %	0.060552 %
County's covered payroll	\$ 3,691,962	3,965,599	3,803,651	3,707,333	3,700,057
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	257.930851 %	270.302410 %	279.223383 %	247.431321 %	198.642993 %
Plan fiduciary net position as a percentage of the total pension liability	62.54 %	61.49 %	57.467727 %	61.703983 %	67.207687 %

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

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

# GRENADA COUNTY

## Notes to the Required Supplementary Information For the Year Ended September 30, 2018 UNAUDITED

(1) Budget.

A. Budgetary Information.

Statutory requirements dictate how and when the County's budget is to be prepared. Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the Board of Supervisors of the County, using historical and anticipated fiscal data and proposed budgets submitted by the Sheriff and the Tax Assessor-Collector for his or her respective department, prepares an original budget for each of the Governmental Funds for said fiscal year. The completed budget for the fiscal year includes for each fund every source of revenue, each general item of expenditure, and the unencumbered cash and investment balances. When during the fiscal year it appears to the Board of Supervisors that budgetary estimates will not be met, it may make revisions to the budget. The County's budget is prepared principally on the cash basis of accounting. All appropriations lapse at year end, and there are no encumbrances to budget because state law does not require that funds be available when goods or services are ordered, only when payment is made.

B. Basis of Presentation.

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

C. Budget/GAAP Reconciliation.

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

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

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

	Governmental Fund Types		
	General Fund	Economic Development Fund	EDA Investment Grant Fund
Net Change in Fund Balance - Budget (Cash Basis)	\$ 233,995	1,241,710	212,011
Increase (Decrease)			
Net adjustments for revenue accruals	(9,132)	(1,193,436)	123,105
Net adjustments for expenditure accruals	226,001		2,016,026
Net Change in Fund Balance - GAAP Basis	\$ 450,864	48,274	2,351,142

GRENADA COUNTY

Notes to the Required Supplementary Information  
For the Year Ended September 30, 2018  
UNAUDITED

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

Changes in Benefit Provisions.

2016

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 proceeding year with a minimum rate of one percent and a maximum rate of five percent.

Changes of Assumptions.

2015

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

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

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

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

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

2016

The assumed rate of interest credited to employee contributions was changed from 3.50% to 3.25%.

2017

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

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

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

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

GRENADA COUNTY

Notes to the Required Supplementary Information  
For the Year Ended September 30, 2018  
UNAUDITED

The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	33.9 years
Asset valuation method	5-year smoothed market
Price inflation	3.00 percent
Salary increase	3.75 percent to 19.00 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

## GRENADA COUNTY

## SUPPLEMENTAL INFORMATION

GRENADA COUNTY  
Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2018

Federal Grantor/ Pass-through Grantor/ Program Title or Cluster	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U. S. Department of Commerce (Direct)/ Economic Development Administration/ Public Works Program	11.300	*	\$ 2,092,452
Total U. S. Department of Commerce			<u>2,092,452</u>
U. S. Department of Agriculture - Rural Development (Direct)/ Community Facilities Grant	10.766		30,900
Community Facilities Grant	10.766		31,011
Community Facilities Grant	10.766		36,320
Total Community Facilities Grant			<u>98,231</u>
U. S. Department of Defense/ Passed-through the Mississippi Emergency Management Agency/ Flood Control Projects	12.106		23,162
Total U. S. Department of Defense			<u>21,031</u>
			<u>44,193</u>
U. S. Department of Housing and Urban Development/ Passed-through the Mississippi Home Corporation/ Home Investment Partnership Program	14.239	1226-M14-SG-280-201	185,254
Total U. S. Department of Housing and Urban Development			<u>185,254</u>
U. S. Department of Agriculture (Direct)/ Payments in Lieu of Taxes	15.226		123,960
Total U. S. Department of Agriculture			<u>123,960</u>
U. S. Department of the Interior (Direct)/ Fish and Wildlife Services Payments in Lieu of Taxes	15.226		2,870
Total U. S. Department of the Interior			<u>2,870</u>
U. S. Department of Justice/ Passed-through the Mississippi Department of Public Safety/ Justice Assistance Grant	16.738	16DC1221	27,669
Total U. S. Department of Justice			<u>27,669</u>
U. S. Department of Transportation/Passed-through the Mississippi Department of Transportation/ Highway Planning and Construction	20.205	BR NBIS 089 B (22)	13,790
Highway Planning and Construction	20.205	BR NBIS 092 B (22)	6,550
Total U. S. Department of Transportation			<u>20,340</u>

(Continued)

GRENADA COUNTY  
Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2018

(Continued)

Federal Grantor/ Pass-through Grantor/ Program Title or Cluster	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Delta Regional Authority/ Direct program through Delta Regional Authority			
Delta Regional Development	90.200	MS-0356	38,200
Total Delta Regional Authority			38,200
Total Expenditures of Federal Awards			\$ 2,633,169

\* Denotes major program

Notes to Schedule of Expenditures of Federal Awards

Note A: Significant Accounting Policies:

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of Grenada County and is presented on the modified accrual basis of accounting. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Grenada County, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Grenada County.



GRENADA COUNTY  
Reconciliation of Operating Costs of Solid Waste  
For the Year Ended September 30, 2018

Operating Expenditures, Cash Basis

Salaries	\$ 55,367
Expendable Commodities:	
Gasoline and petroleum products	5,213
Repair parts	10,095
Professional services	31,969
Insurance	2,947
Solid waste disposal fee	497,976
Supplies (including equipment under the capitalization thresholds)	<u>21,124</u>
Solid Waste Cash Basis Operating Expenditures	624,691
Full Cost Expenses:	
Indirect administrative costs	10,086
Depreciation on equipment	44,309
Net effect of other accrued expenses	<u>10,231</u>
Solid Waste Full Cost Operating Expenses	\$ <u><u>689,317</u></u>

## GRENADA COUNTY

## OTHER INFORMATION

GRENADA COUNTY  
Schedule of Surety Bonds for County Officials  
For the Year Ended September 30, 2018 - UNAUDITED

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

## GRENADA COUNTY

### SPECIAL REPORTS

# Windham and Lacey, PLLC

## *Certified Public Accountants*

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

Members of the Board of Supervisors  
Grenada County, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Grenada County, Mississippi, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 6, 2019. Our report includes an adverse opinion on the discretely presented component unit due to the omission of the discretely presented component unit which is required by accounting principles generally accepted in the United States of America to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component unit.

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

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as 2018-1 to be a material weakness.

### **Compliance and Other Matters**

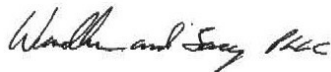
As part of obtaining reasonable assurance about whether Grenada County, Mississippi's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct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

### **County's Response to Finding**

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

### **Purpose of this Report**

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



Windham and Lacey, PLLC  
September 6, 2019

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*Certified Public Accountants*

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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE OMB UNIFORM GUIDANCE

Members of the Board of Supervisors  
Grenada County, Mississippi

### **Report on Compliance for Each Major Federal Program**

We have audited the compliance of Grenada County, Mississippi, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Uniform Guidance that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2018. Grenada County, Mississippi's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

### **Management's Responsibility**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Grenada County, Mississippi's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Uniform Guidance. Those standards and OMB Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Grenada County, Mississippi's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination on Grenada County, Mississippi's compliance with those requirements.

### **Opinion on Each Major Federal Program**

In our opinion, Grenada County, Mississippi, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2018.

## **Report on Internal Control Over Compliance**

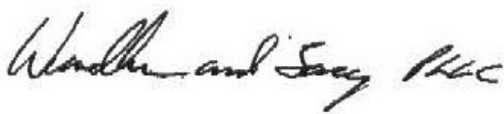
The management of Grenada County, Mississippi, is responsible for establishing and maintaining effective internal control over compliance with the types of requirements referred to above. In planning and performing our audit, we considered Grenada County, Mississippi's internal control over compliance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

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

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

### **Purpose of This Report**

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

A handwritten signature in black ink, appearing to read "Windham and Lacey, PLLC".

Windham and Lacey, PLLC  
September 6, 2019



# Windham and Lacey, PLLC

## *Certified Public Accountants*

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

Members of the Board of Supervisors  
Grenada County, Mississippi

We have examined Grenada County, Mississippi's compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972), and compliance with the purchasing requirements in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972), during the year ended September 30, 2018. The Board of Supervisors of Grenada County, Mississippi, is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

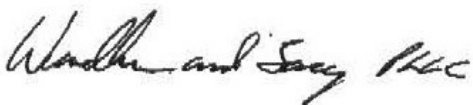
Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the County's compliance with those requirements and performing other procedures as we considered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

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

In our opinion, Grenada County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2018.

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

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

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

Windham and Lacey, PLLC  
September 6, 2019

## GRENADA COUNTY

Schedule 1Schedule of Purchases Not Made From the Lowest Bidder  
For the Year Ended September 30 2018

Our test results identified the following purchase that was made from other than the lowest bidder:

<u>Date</u>	<u>Item Purchased</u>	<u>Accepted Bid</u>	<u>Vendor</u>	<u>Lowest Bid</u>	<u>Reason for Accepting Other than the Lowest Bid</u>
12/13/2017	John Deere backhoe	\$ 88,730	Stribling Equipment	\$ 88,449	Parts availability, parts cost, and time for delivery.

GRENADA COUNTY  
Schedule of Emergency Purchases  
For the Year Ended September 30, 2018

Schedule 2

Our test results did not identify any emergency purchases.

GRENADA COUNTY

Schedule 3

Schedule of Purchases Made Noncompetitively From a Sole Source  
For the Year Ended September 30 2018

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

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### LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

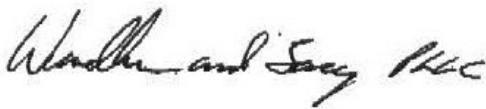
Members of the Board of Supervisors  
Grenada County, Mississippi

In planning and performing our audit of the financial statements of Grenada County, Mississippi for the year ended September 30, 2018, we considered Grenada County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Grenada County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated September 6, 2019, on the financial statements of Grenada County, Mississippi.

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

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



Windham and Lacey, PLLC  
September 6, 2019

GRENADA COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

GRENADA COUNTY

Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2018

Section 1: Summary of Auditor's Results

*Financial Statements:*

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

*Federal Awards:*

- |    |  |               |
|----|--|---------------|
| 4. | Internal control over major programs:  |               |
|    | a. Material weaknesses identified?   | No            |
|    | b. Significant deficiencies identified that are not considered to be material weaknesses?          | None Reported |
| 5. | Type of auditor's report issued on compliance for major federal programs:                          | Unmodified    |
| 6. | Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | No            |
| 7. | Federal program identified as a major program:   |               |
|    | Economic Development Administration – CFDA #11.300   |               |
| 8. | The dollar threshold used to distinguish between type A and type B programs:                       | \$750,000     |
| 9. | Auditee qualified as a low-risk auditee?   | No            |



## GRENADA COUNTY

### Schedule of Findings and Questioned Costs For the Year Ended September 30, 2018

#### Section 2: Financial Statement Findings

##### Significant Deficiency - Material Weakness

##### 2018-1. Finding

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

##### Recommendation

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

##### Board of Supervisors' Response

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

#### Section 3: Federal Award Findings and Questioned Costs

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