

## OFFICE OF THE STATE AUDITOR REPORT NOTE:

*Section 7-7-211, Mississippi Code Annotated (1972)* gives the Office of the State Auditor the authority to audit, with the exception of municipalities, any governmental entity in the state. In the case of municipalities, *Section 21-35-31, Mississippi Code Annotated (1972)* requires municipalities to obtain an annual audit performed by a private CPA firm and submit that audit report to the Office of the State Auditor. The Office of the State Auditor files these audit reports for review in case questions arise related to the municipality.

As a result, the following document was not prepared by the Office of the State Auditor. Instead, it was prepared by a private CPA firm and submitted to the Office of the State Auditor. The document was placed on this web page as it was submitted and no review of the report was performed by the Office of the State Auditor prior to finalization of the report. The Office of the State Auditor assumes no responsibility for its content or for any errors located in the document. Any questions of accuracy or authenticity concerning this document should be submitted to the CPA firm that prepared the document. The name and address of the CPA firm appears in the document.

**CITY OF GRENADA, MISSISSIPPI**

**SEPTEMBER 30, 2019**

**FINANCIAL STATEMENTS**

**City of Grenada, Mississippi**  
**Financial Statements**  
**For the Year Ended September 30, 2019**

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**City of Grenada, Mississippi**  
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# **CITY OF GRENADA, MISSISSIPPI**

## **FINANCIAL SECTION**



# RONNIE S. WINDHAM, CPA, PLLC

P.O BOX 159, OXFORD, MS 38655 cell (662) 816-2562 fax (662) 269-4457

Member  
American Institute of  
Certified Public Accountants

Member  
Mississippi State Society of  
Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

Mayor and City Council  
City of Grenada, Mississippi

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Grenada as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Grenada's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and the aggregate remaining fund information of the City of Grenada, as of September 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4-11 and 48-50 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.

### **Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Grenada's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information 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 basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated 12/06/2022, on our consideration of the City of Grenada'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 solely 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 the City of Grenada'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 City of Grenada's internal control over financial reporting and compliance.



RONNIE S. WINDHAM, CPA, PLLC  
OXFORD, MS 38655  
December 6, 2022

## **CITY OF GRENADA, MISSISSIPPI**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**



**CITY OF GRENADA, MISSISSIPPI**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended September 30,2019**

Our discussion and analysis of City of Grenada's financial performance provides an overview of the City's financial activities for the fiscal year ended September 30, 2019. Readers should also review the basic financial statements and disclosures to enhance their understanding of the City's financial performance.

**FINANCIAL HIGHLIGHTS**

- The assets and deferred outflows of City of Grenada exceeded its liabilities and deferred inflows at the close of the 2019 fiscal year by \$27,183,725 (net position). Of this amount, the unrestricted net position showed a deficit balance of (\$9,213,55).
- The remaining net position of the City includes: \$31,947,481 invested in capital assets, net of related debt, and \$4,449,805 restricted (for Capital Projects, Economic Development, and Debt Service).
- Total assets increased \$7,315,819 from 2018.
- Total deferred outflows of resources increased \$79,187 from 2018.
- Total liabilities increased \$5,804,032 from 2018.
- Total deferred inflows of resources increased \$423,439 from 2018.
- The City's total net position increased \$1,511,793 from 2018.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise of three components: 1) government- wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves

**CITY OF GRENADA, MISSISSIPPI**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended September 30,2019**

**1) Government-wide Financial Statements.** The government-wide financial statements presented on pages 13 and 15 are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business.

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

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

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their cost through user fees and charges (business-type activities).

The government activities of the City include general government, public safety, highways and streets, culture and recreation, economic development, and debt service.

**2) Fund Financial Statements.** A fund is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: (1) governmental funds, (2) proprietary funds and (3) fiduciary funds.

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

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

City of Grenada maintains 35 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund which is a major fund. All other funds are considered non-major and are presented in a single column. The governmental fund financial statements are presented on pages 16 through 17.

**CITY OF GRENADA, MISSISSIPPI**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended September 30,2019**

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

**Proprietary Funds.** The City maintains three types of proprietary fund - an enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses the enterprise fund to account for water, solid waste operations, and Golf. The fund is financed primarily through user fees.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements are presented on pages 20 through 23.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City used 3 fiduciary funds consisting of the Insurance Fund, Tax Collector Fund, and the Evidence Fund. The combined fiduciary financial statement of assets and liabilities can be found on page 24.

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

**Required Supplementary Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's budgetary control and pensions on pages 47 through 54.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of September 30, 2019, the assets and deferred outflows of City of Grenada exceeded its liabilities and deferred inflows by \$27,183,725.

One of the largest portions of the City's net position, \$31,947,481 reflects its accumulation of funds to invest in capital assets (land, buildings, machinery and equipment, etc.). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources because the capital assets themselves cannot be used to liquidate these liabilities.

**CITY OF GRENADA, MISSISSIPPI**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended September 30,2019**  
(Table 1)  
Net Position

**City of Grenada Net Position**

	Governmental Activities		Business-type Activities		TOTAL		Increase	Percentage
	2019	2018	2019	2018	2019	2018	(Decrease)	Change
<b>Assets:</b>								
Current and other assets	20,212,001	12,758,702	2,449,574	2,783,928	22,661,575	15,542,630	7,118,945	45.80%
Capital Assets, Net	40,832,136	39,858,845	12,270,719	13,126,323	53,102,855	52,985,168	117,687	0.22%
Total Assets	61,044,137	52,617,547	14,720,293	15,910,251	75,764,430	68,527,798	7,236,632	10.56%
Deferred Outflows of Resources	374,332	274,550	83,768	104,363	458,100	378,913	79,187	100.00%
<b>Liabilities:</b>								
Current and other liabilities	1,796,758	2,193,701	1,492,061	849,970	3,288,819	3,043,671	245,148	8.05%
Long-term liabilities:	-	-	-	-	-	-	-	-
Due Within One Year	839,955	1,102,233	675,316	623,978	1,515,271	1,726,211	(210,940)	-12.22%
Due in more than one year	13,929,730	8,514,739	6,799,226	7,403,223	20,728,956	15,917,962	4,810,994	30.22%
Net Pension Liability	13,551,584	13,114,170	2,878,440	2,780,463	16,430,024	15,894,633	535,391	100.00%
Total Liabilities	30,118,027	24,924,843	11,845,043	11,657,634	41,963,070	36,582,477	5,380,593	14.71%
Deferred Inflows of Resources	7,045,226	6,586,229	30,509	66,067	7,075,735	6,652,296	423,439	100.00%
<b>Net Position</b>								
Invested in Capital Assets Net of Debt	26,640,230	30,839,782	5,307,251	5,241,578	31,947,481	36,081,360	(4,133,879)	-11.46%
Restricted:								
Debt Service	640,000	952,043	365,000	365,000	1,005,000	1,317,043	(312,043)	-23.69%
Capital Projects	1,851,148	1,859,152	9,072	9,059	1,860,220	1,868,211	(7,991)	-0.43%
Economic Development	1,584,585	1,325,176	-	-	1,584,585	1,325,176	259,409	19.58%
Unrestricted	(5,205,088)	(13,595,128)	(2,752,811)	(1,324,724)	(7,957,899)	(14,919,852)	6,961,953	-46.66%
Total Net Position	25,510,875	21,381,025	2,928,512	4,290,913	28,439,387	25,671,938	2,767,449	10.78%

The City's total assets increased \$7,315,819 during 2019 with governmental activities showing an increase of \$8,526,372 and business-type activities showing a decrease of \$1,210,553.

The City's total liabilities increased \$5,804,032 with governmental activities showing an increase in liabilities of \$5,652,181 and business-type activities showing an increase of \$151,851.

The City's net position increased \$1,511,793 from 2018, which includes a net prior period adjustment of \$1,18,5385.

**CITY OF GRENADA, MISSISSIPPI**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended September 30, 2019**  
(Table 2)

**STATEMENT OF ACTIVITIES**  
**Changes in Net Position**

	Governmental Activities:		Business-Type Activities:		Total		(Decrease)	Change
	2019	2018	2019	2018	2019	2018	Increase	Percentage
Revenues:								
Program Revenues:								
Charges for services	\$ 1,210,566	\$ 1,156,892	5,497,680	5,666,404	6,708,246	6,823,296	(115,050)	-1.69%
Operating grants and contributions	132,423	159,823	0	0	132,423	159,823	(27,400)	-17.14%
Capital Grant and contributions	2,148,216	646,118	0	0	2,148,216	646,118	1,502,098	232.48%
Total Program Revenues	3,491,205	1,962,833	5,497,680	5,666,404	8,988,885	7,629,237	1,359,648	17.82%
General Revenues:								
Property taxes	6,347,415	6,184,377			6,347,415	6,184,377	163,038	2.64%
Other taxes and licenses	6,101,911	5,863,658			6,101,911	5,863,658	238,253	4.06%
Fines and forfeitures	653,842	713,868			653,842	713,868	(60,026)	-8.41%
Intergovernmental	648,671	187,267			648,671	187,267	461,404	246.39%
Investment and other revenues	37,834	700,975	246	27	38,080	701,002	(662,922)	-94.57%
Transfers in	1,035,040	2,771,965	198,607	202,231	1,233,647	2,974,196	(1,740,549)	-58.52%
Total General Revenues	14,824,713	16,422,110	198,853	202,258	15,023,566	16,624,368	(1,600,802)	-9.63%
Total Revenues	\$18,315,918	\$18,384,943	5,696,533	5,868,662	24,012,451	24,253,605	(241,154)	-0.99%
Program Expenses:								
General government	2,027,547	2,564,531			2,027,547	2,564,531	(536,984)	-20.94%
Public Property	2,531,310	2,746,058			2,531,310	2,746,058	(214,748)	-7.82%
Public Safety	5,673,609	6,166,388			5,673,609	6,166,388	(492,779)	-7.99%
Streets	1,533,940	1,235,263			1,533,940	1,235,263	298,677	24.18%
Motor vehicle maintenance	161,139	143,712			161,139	143,712	17,427	12.13%
Planning and zoning	176,971	153,404			176,971	153,404	23,567	15.36%
Recreation and senior citizens	646,793	712,083			646,793	712,083	(65,290)	-9.17%
Health and welfare	28,594	27,104			28,594	27,104	1,490	5.50%
Airport	688,944	838,362			688,944	838,362	(149,418)	-17.82%
Community Service	246,811	222,784			246,811	222,784	24,027	10.78%
Appropriations and non-departmental	81,500	100,200			81,500	100,200	(18,700)	-18.66%
Interest and fiscal charges	340,648	372,859			340,648	372,859	(32,211)	-8.64%
Water and Sewer			5,324,483	5,340,865	5,324,483	5,340,865	(16,382)	-0.31%
Solid Waste			1,079,625	757,969	1,079,625	757,969	321,656	42.44%
Golf			625,773	605,926	625,773	605,926	19,847	3.28%
Transfers out	1,233,647	2,974,196	0	0	1,233,647	2,974,196	(1,740,549)	100.00%
Total Program Expenses	15,371,453	18,256,944	7,029,881	6,704,760	22,401,334	24,961,704	(2,560,370)	-10.26%
Increase (Decrease) in Net Position	\$ 2,944,465	\$ 127,999	(1,333,348)	(836,098)	\$ 1,611,117	(708,099)	2,319,216	-327.53%

The City's governmental activities continue to be funded primarily by property taxes, which made up 36.73% of the total revenues. The other major revenue sources were sales and tourism taxes 35.31%, and other taxes and other revenue 27.96%. The major expense activities were public safety, public property, general government, and streets which comprise 40.13%, 17.90%, 14.34%, and 10.85% of total expenses, respectively. The City remains committed to providing the services its residents expect and need.

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

**FUND FINANCIAL ANALYSIS**

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

**Governmental funds.** The focus of governmental fund reporting is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unrestricted fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year, as of the year ended, the City's governmental funds reported a combined fund balance of \$12,686,270 which is an increase of \$8,492,986 over last year's total of \$4,193,284.

**CITY OF GRENADA, MISSISSIPPI**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended September 30,2019**

Governmental funds meeting the requirements for being reported as a major funds include the General Fund with no other funds qualifying as major. The remaining governmental funds were combined and reported as non-major governmental funds. The General Fund and non-major governmental funds reflected a net change in fund balance of \$1,675,073 and \$5,632,528, respectively. The 2019 year had a combined net change in fund balances of \$7,307,601.

**Major Fund Budgeting Highlights**

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

During the course of 2019, the City amended its General Fund budget. All recommendations for budget changes come from the Chief Administrative Officer and are presented to the City Manager and City Council, as a whole, for ordinance enactment on the change. The City amends the budget according to Mississippi law. With the general fund supporting many of our major activities such as our police and fire departments, as well as most legislative and executive activities, the General Fund is monitored closely looking for possible revenue shortfalls or overspending by individual departments.

**CAPITAL ASSET AND DEBT ADMINISTRATION Capital Assets**

At the end of 2019, the City had \$53,099,855 invested in a broad range of capital assets, including police, fire, solid waste equipment, highways, streets, water, solid waste equipment, sewer systems, and golf equipment (See Table 3 following). This amount represents a net increase (including additions, deletions, and adjustments) of approximately \$114,686 over the prior year. The following table is a summary of changes in capital assets, net of accumulated depreciation.

(Table 3)

**CAPITAL ASSETS AT YEAR-END**

(Capital Assets are Presented Net of Accumulated Depreciation)

**City of Grenada Capital Assets**

	Governmental Activities:		Business-Type Activities:		Total		(Decrease)	Change
	2019	2018	2019	2018	2019	2018	Increase	Percentage
Land	\$5,328,260	\$5,328,260	\$424,801	\$424,801	\$5,753,061	\$5,753,061	\$0	0.00%
Buildings	18,270,208	17,531,618	0	0	18,270,208	17,531,618	738,590	4.21%
Improvements other than buildings	4,760,464	5,351,865	0	0	4,760,464	5,351,865	(591,401)	-11.05%
Machinery and equipment	3,769,903	3,749,223	146,844	0	3,916,747	3,749,223	167,524	4.47%
Infrastructure	8,703,301	7,897,880	0	0	8,703,301	7,897,880	805,421	10.20%
Construction in progress	0	0	0	0	-	-	-	0.00%
Water and Sewer system	0	0	11,623,815	12,623,945	11,623,815	12,623,945	(1,000,130)	-7.92%
Vehicles	0	0	72,259	77,577	72,259	77,577	(5,318)	-6.86%
Construction in progress	0	0	0	0	-	-	-	0.00%
Total Governmental Activities	\$40,832,136	\$39,858,846	\$12,267,719	\$13,126,323	\$53,099,855	\$52,985,169	\$114,686	0.22%

City of Grenada continues to provide for the growth and stability of its citizenry through various acquisitions of equipment and construction and rehabilitation projects.

**CITY OF GRENADA, MISSISSIPPI**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended September 30,2019**

Long-term Debt

At year-end, the City had \$22,244,226 in long term debt outstanding compared to \$17,620,534 last year, an increase of \$4,623,692. Of the total debt outstanding, \$13,210,000 is backed by the full faith and credit of the City with debt service funded by voter-approved property taxes. The other components are a Revenue Bond and Leases paid by Water & Sewer Revenue in the amount of \$7,474,541 and compensated absences in the amount of \$696,795.

The following table illustrates the total Long-term Debt of City of Grenada as of September 30, 2019:

(Table 4)

DEBT Outstanding at Year-end

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

	Governmental Activities:		Business-Type Activities:		Total		(Decrease)	Change
	2019	2018	2019	2018	2019	2018	Increase	Percentage
General obligations bond	\$13,210,000	\$8,105,000			\$13,210,000	\$8,105,000	\$5,105,000	62.99%
Revenue bonds	-	-	4,555,000	4,920,000	4,555,000	4,920,000	(365,000)	-7.42%
Loans and Capital Leases	981,906	914,064	2,800,525	2,941,105	3,782,431	3,855,169	(72,738)	-1.89%
Compensated absences	577,779	597,909	119,016	142,456	696,795	740,365	(43,570)	-5.88%
Total Governmental Activities	\$14,769,685	\$9,616,973	\$7,474,541	\$8,003,561	\$22,244,226	\$17,620,534	\$4,623,692	26.24%

More detailed information about the City's long-term debt is presented in Notes to Financial Statements.

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

The City's elected and appointed officials considered many factors when compiling and approving the fiscal year 2020 budget, such as tax rates for governmental activities and fees that will be charged for the business- type activities. The total property tax millage rate of 61.19 mills is expected to provide adequate funding in the following year.

Contacting the City's Finance Department

This financial report is designed to provide our citizens, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need any additional information, address requests to the  
City Clerk, P.O. Box 310, Grenada, MS 38902-0310.

## **CITY OF GRENADA, MISSISSIPPI**

## **FINANCIAL STATEMENTS**



**City of Grenada, Mississippi**  
**Statements of Net Position**  
**September 30, 2019**

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
<b>ASSETS</b>			
Cash	9,031,867	969,007	10,000,874
Receivables, net allowance for uncollectibles	6,878,647	919,865	7,798,512
Due from other governments	2,203,306	0	2,203,306
Due from other funds	5,629,067	178,244	5,807,311
Inventory	0	113,805	113,805
Resolute Forest Stock	67,648	0	67,648
Unamortized bond issuance cost	106,333	254,802	361,135
Other Assets	144,815	13,858	158,673
Capital assets:	0	0	0
Non-depreciable	5,328,260	424,401	5,752,661
Depreciable, net	35,503,876	11,846,318	47,350,194
Total Assets	<u>\$ 64,893,819</u>	<u>\$ 14,720,300</u>	<u>\$ 79,614,119</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows related to pensions	\$ 374,332	\$ 83,768	458,100
<b>LIABILITIES</b>			
Accounts payable	341,203	263,693	604,896
Accrued liabilities	261,580	65,321	326,901
Accrued Interest	0	0	0
Due to other funds	3,787,999	801,157	4,589,156
Due to other governments	0	361,890	361,890
Due within one year:	0	0	0
Bonds and leases payable	839,955	675,316	1,515,271
Noncurrent Liabilities:			
Due in more than one year:	0	0	0
Leases payable	781,951	2,490,210	3,272,161
Bonds payable	12,570,000	4,190,000	16,760,000
Compensated absences	577,779	119,016	696,795
Net Pension Liability	13,551,584	2,878,440	16,430,024
Total Liabilities	<u>\$ 32,712,051</u>	<u>\$ 11,845,043</u>	<u>\$ 44,557,094</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property tax for future reporting period	6,878,297	\$ -	6,878,297
Deferred Inflows related to pensions	166,929	\$ 30,509	197,438
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	26,640,230	5,307,251	31,947,481
Restricted for:	0	0	0
Debt service	640,000	365,000	1,005,000
Capital projects	1,851,148	9,072	1,860,220
Special Revenue	1,584,585	0	1,584,585
Unrestricted	(5,205,088)	(2,752,811)	(7,957,899)
Total Net Position	<u>\$ 25,510,875</u>	<u>\$ 2,928,512</u>	<u>\$ 28,439,387</u>

The accompanying notes are an integral part of the financial statements

**City of Grenada, Mississippi**  
**Statement of Activities**  
**For the Year Ended September 30, 2019**

Functions/Programs	Program Revenues				& Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$2,027,547	\$692,083	\$0	\$0	(\$1,335,464)	\$0	(\$1,335,464)
Public Property	2,531,310	323,171	0	2,148,216	(59,923)	0	(59,923)
Public Safety	5,673,609	10,330	107,732	0	(5,555,547)	0	(5,555,547)
Streets and sanitation	1,533,940	0	0	0	(1,533,940)	0	(1,533,940)
Motor vehicle maintenance	161,139	0	0	0	(161,139)	0	(161,139)
Planning and zoning	176,971	0	0	0	(176,971)	0	(176,971)
Recreation and senior citizens	646,793	35,161	16,868	0	(594,764)	0	(594,764)
Health and welfare	28,594	0	7,823	0	(20,771)	0	(20,771)
Airport	688,944	149,821		0	(539,123)	0	(539,123)
Community Service	246,811	0			(246,811)	0	(246,811)
Appropriations	81,500	0	0	0	(81,500)	0	(81,500)
Interest on long-term debt	340,648	0	0	0	(340,648)	0	(340,648)
Total Governmental activities	\$14,137,806	\$1,210,566	\$132,423	\$2,148,216	(\$10,646,601)	\$0	(\$10,646,601)
Business-type activities:							
Water and Sewer	5,324,483	4,326,137				(998,346)	(998,346)
Solid Waste	1,079,625	902,175				(177,450)	(177,450)
Dogwoods Golf	625,773	269,368				(356,405)	(356,405)
Total business-type activities	7,029,881	5,497,680	0	0	0	(1,532,201)	(1,532,201)
Total	\$21,167,687	\$6,708,246	\$132,423	\$2,148,216	(\$10,646,601)	(\$1,532,201)	(\$12,178,802)
General revenues:							
Taxes:							
Taxes levied for general purpose					6,347,415	0	6,347,415
Sales and gas taxes					5,546,231	0	5,546,231
Occupational licenses and franchise fees					555,680	0	555,680
Fines and forfeitures					653,842	0	653,842
Grants and contributions not restricted to specific programs					0	0	0
Homestead exemption reimbursement					163,051	0	163,051
Other intergovernmental revenues and grants					485,620	0	485,620
Investment earnings					2,133	246	2,379
Miscellaneous					35,701	0	35,701
Transfers in					1,035,040	198,607	1,233,647
Sales of Assets					0	0	0
Transfers out					(1,233,647)	0	(1,233,647)
Total general revenues & transfers					13,591,066	198,853	13,789,919
Change in net assets					2,944,465	(1,333,348)	1,611,117
Net assets-beginning					21,381,025	4,261,860	25,642,885
Prior year adjustments					1,185,385	0	1,185,385
Net assets-ending					\$ 25,510,875	\$ 2,928,512	28,439,387

The accompanying notes are an integral part of the financial statements

**CITY OF GRENADA, MISSISSIPPI**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash	\$ 596,159	\$ 8,414,115	9,010,274
Receivables:			
Property Taxes	5,507,018	1,371,279	6,878,297
Due from Other Funds	4,135,127	1,493,940	5,629,067
Due from Other Governments	797,004	1,406,302	2,203,306
Resolute Forest Stock	0	67,648	67,648
Other	21,942	144,815	166,757
Total Assets	<u>\$ 11,057,250</u>	<u>\$12,898,099</u>	<u>\$ 23,955,349</u>
 <b>LIABILITIES AND FUND BALANCES:</b>			
Liabilities:			
Accounts Payable	264,243	78,870	343,113
Accrued Liabilities	255,878	3,792	259,670
Due to Other Governments	0	0	0
Due to Other Funds	877,823	2,910,176	3,787,999
Deferred Revenue	5,507,018	1,371,279	6,878,297
Total Liabilities	<u>6,904,962</u>	<u>4,364,117</u>	<u>11,269,079</u>
 <b>Fund Balances</b>			
Restricted:			
Debt Service Funds	0	1,757,857	1,757,857
Capital Projects Funds	0	5,025,696	5,025,696
Assigned			0
Special Revenue Funds	0	1,750,429	1,750,429
Unassigned			
General Fund	4,152,288	0	4,152,288
Total Fund Balances as adjusted	<u>4,152,288</u>	<u>8,533,982</u>	<u>12,686,270</u>
Total Liabilities & Fund Balances	<u>\$ 11,057,250</u>	<u>\$12,898,099</u>	<u>23,955,349</u>

The accompanying notes are an integral part of the financial statements

**CITY OF GRENADA**  
**RECONCILIATION OF THE BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

Total Fund Balance-Total Governmental Funds	\$ 12,686,270
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds	
Governmental capital assets net of accumulated depreciation	40,832,135
Other assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds	
Bonds Costs Less current year amortization	106,333
Compensated Absences	(577,779)
Long-term liabilities, including bonds payable are not due payable in the current period and therefore are not reported in governmental funds	(14,191,070)
Net Pension obligations are not due and payable in the current period and are not reported in the funds	\$ (13,551,584)
Deferred inflows and outflows of resources related ro pensions are applicable to future periods and not reported in the funds	206,570
Net Position of Government Activities	\$ 25,510,875

The accompanying notes are an integral part of the financial statements

**CITY OF GRENADA, MISSISSIPPI**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:			
Property taxes	5,066,556	1,280,859	6,347,415
Franchise fees	449,263	0	449,263
Licenses and permits	106,417	0	106,417
Administrative fee	692,083	0	692,083
Intergovernmental	5,383,905	2,958,948	8,342,853
Fines and forfeits	647,442	0	647,442
Grand Gulf in lieu of taxes	160,645	0	160,645
Recreation fees	35,161	0	35,161
Confiscated monies	0	6,400	6,400
Rent	148,368	130,176	278,544
Interest	0	2,133	2,133
Miscellaneous	20,886	191,634	212,520
TOTAL REVENUES	12,710,726	4,570,150	17,280,876
EXPENDITURES:			
General Government	1,658,340	262,802	1,921,142
Public property	1,121,293	103,645	1,224,938
Public safety	5,406,911	30,780	5,437,691
Streets and sanitation	1,463,068	0	1,463,068
Motor vehicle maintenance	158,381	0	158,381
Planning and zoning	173,555	0	173,555
Recreation and senior citizens	576,491	62,135	638,626
Community Services	242,476	0	242,476
Health and welfare	0	27,981	27,981
Airport	0	330,231	330,231
Appropriations and non-departmental	81,500	0	81,500
Unrealized decline in value	0	157,980	157,980
Capital Outlay	390,655	2,193,056	2,583,711
Debt service:	0	0	0
Principal retirement	144,644	1,073,468	1,218,112
Interest and other	8,994	496,937	505,931
TOTAL EXPENDITURES	11,426,308	4,739,015	16,165,323
Excess (deficiency) of revenues over expenditures	1,284,418	(168,865)	1,115,553
Other financing sources (uses):			
Sales of assets	0	0	0
Bond and loan proceeds	390,655	6,000,000	6,390,655
Transfers in	0	0	0
Transfers out	0	(198,607)	(198,607)
Total other financing sources (uses):	390,655	5,801,393	6,192,048
Net change in Fund Balances	1,675,073	5,632,528	7,307,601
Fund Balances-Beg of year	311,224	3,882,060	4,193,284
Prior Year adjustments	1,185,385	0	1,185,385
Fund Balances - End of year	3,171,682	9,514,588	12,686,270

The accompanying notes are an integral part of the financial statements

**CITY OF GRENADA, MISSISSIPPI**  
**RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUNDS BALANCES OF GOVERNMENTAL FUNDS TO THE**  
**STATEMENTS OF ACTIVITIES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

Net change in fund balances-total governmental funds		\$ 7,307,601
Amounts reported for governmental activities in the statement are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.		
Expenditures for capital assets	2,583,711	
Less current year depreciation	<u>(1,610,421)</u>	973,290
Repayment of bond and loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount of bond and loan principal repayments.		1,218,172
Proceeds of long-term debt is another financing source in the governmental funds, but the proceeds increase long-term liabilities in the statement of net assets. This is the amount of note payable proceeds		(6,390,655)
Some expenses reported in the Statement of Activities do not require the use of current available resources and therefore are not reported as expenditures in the governmental funds		
Amortization of bonds costs		(4,833)
Decrease in accrual for compensated absences		(23,440)
Change in accrual adjustment		
Some items reported in the statement of Activities relating to GASB 64 are not reported in the governmental funds.		
Changes in net pension liability and related accounts		(135,670)
Change in Net Assets of Governmental Activities		<u>\$ 2,944,465</u>

The accompanying notes are an integral part of the financial statements

**CITY OF GRENADA, MISSISSIPPI**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

Business Type Activities-Enterprise Fund

ASSETS	Water and Sewer Fund	Solid Waste Fund	Golf Fund	Total
Current Assets:				
Cash and Cash equivalents	\$ 228,623	\$ 690,563	\$ 49,814	\$ 969,000
Accts Rec less allowance	786,904	124,689	\$ 8,272	919,865
Due from other funds	177,411	0	833	178,244
Due from other govt	0	0	0	0
Bond Escrow	4,139	0	0	4,139
Inventory	108,805	0	5,000	113,805
Total Current Assets	<u>\$ 1,305,882</u>	<u>\$ 815,252</u>	<u>\$ 63,919</u>	<u>\$ 2,185,053</u>
Non-Current Assets:				
Restricted:				
Cash	\$ 9,072			\$ 9,072
Capital Assets:				
Land	424,401			424,401
Building and improvements	93,013			93,013
Water and sewer system	42,548,663			42,548,663
Equipment	2,037,760	50,458	604,953	2,693,171
Vehicles	868,008	54,416	27,791	950,215
Less accumulated depreciation	<u>(33,934,441)</u>	<u>(91,124)</u>	<u>(413,179)</u>	<u>(34,438,744)</u>
Total Fixed Assets	<u>\$ 12,037,404</u>	<u>\$ 13,750</u>	<u>\$ 219,565</u>	<u>\$ 12,270,719</u>
Non Current Assets				
Unamortized bond costs	1,035,562	0	0	1,035,562
Accumulated Amortization	(780,760)	0	0	(780,760)
Prepaid Leases	0	0	0	0
Deposits	650	0	0	650
Total Non Current Assets	<u>255,452</u>	<u>0</u>	<u>0</u>	<u>255,452</u>
Total Assets:	<u><u>\$ 13,607,810</u></u>	<u><u>\$ 829,002</u></u>	<u><u>\$ 283,484</u></u>	<u><u>\$ 14,720,296</u></u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred Outflows related to pensions	\$ 63,258	\$ 148	\$ 20,362	\$ 83,768
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**CITY OF GRENADA, MISSISSIPPI**

**STATEMENT OF NET POSITION**

**PROPRIETARY FUND**

**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

Business Type Activities-Enterprise Fund

	Water and Sewer Fund	Solid Waste Fund	Golf Fund	Total
<b>LIABILITIES:</b>				
<b>Current Liabilities:</b>				
Accounts Payable	161,320	70,877	31,496	263,693
Accrued Payroll	29,222	0	9,648	38,870
Accrued liabilities	6,757	0	2,002	8,759
Accrued sales taxes	17,232	0	460	17,692
Due to other government	361,890	0	0	361,890
Due to other funds	655,301	5,746	140,110	801,157
Employer Contribution Payable	0	0	0	0
Leases payable-current	301,032	0	9,284	310,316
Revenue bonds payable	365,000	0	0	365,000
Total Current Liabilities	<u>1,897,754</u>	<u>76,623</u>	<u>193,000</u>	<u>2,167,377</u>
<b>Non-Current Liabilities:</b>				
Leases payable after one year	2,473,469		16,741	2,490,210
Revenue Bonds Payable	4,190,000		0	4,190,000
Compensated Absences	87,142	708	31,166	119,016
Net Pension Liability	2,175,775	16,260	686,405	2,878,440
Total Non-current Liabilities	<u>8,926,386</u>	<u>16,968</u>	<u>734,312</u>	<u>9,677,666</u>
Total Liabilities	<u>\$ 10,824,140</u>	<u>\$ 93,591</u>	<u>\$ 927,312</u>	<u>\$ 11,845,043</u>

**DEFERRED INFLOWS OF RESOURCES**

Pensions	<u>\$ 23,208</u>	<u>\$ (211)</u>	<u>\$ 7,512</u>	<u>30,509</u>
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**NET POSITION**

Invested in capital assets	5,073,935	13,750	219,566	5,307,251
Restricted:	0	0	0	0
Debt Service	365,000	0	0	365,000
Capital Projects	9,072	0	0	9,072
Unrestricted	<u>\$ (2,624,287)</u>	<u>722,020</u>	<u>(850,544)</u>	<u>(2,752,811)</u>
Total Net Position	<u>\$ 2,823,720</u>	<u>\$ 735,770</u>	<u>\$ (630,978)</u>	<u>\$ 2,928,512</u>

The accompanying notes are an integral part of the financial statements



**CITY OF GRENADA, MISSISSIPPI**  
**STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

Business-Type Activities-Enterprise Funds

	Water and Sewer	Solid Waste	Golf	Total
Operating revenues:				
Water Sales	\$ 2,779,469	\$ -	0	\$ 2,779,469
Sewer Sales	1,257,503	0	0	1,257,503
Garbage fees	0	902,175	0	902,175
Other charges for services	289,165	0	0	289,165
Grants	0	0	0	0
Golf fees	0	0	148,713	148,713
Sponsorships	0	0	70,700	70,700
Food and Beverage	0	0	28,726	28,726
Golf Merchandise	0	0	21,229	21,229
Total Operating revenues	4,326,137	902,175	269,368	5,497,680
Operating Expenses:				
Salaries and wages	\$ 868,260	\$ 23,802	\$ 249,960	1,142,022
Payroll taxes and retirement	198,546	5,180	52,005	255,731
Pension Expense	30,456	832	8,780	40,068
Insurance	267,510	7,246	56,219	330,975
Supplies, material and maintenance	1,089,633	0	172,743	1,262,376
Utilities and communications	363,591	0	34,982	398,573
Contractual services	445,283	822,797	27,816	1,295,896
General and administrative	797,000	219,768	8,579	1,025,347
Depreciation	990,759	0	14,689	1,005,448
Amortization	148,736			148,736
Total operating expenses	5,199,774	1,079,625	625,773	6,905,172
Income (loss) from operations	(873,637)	(177,450)	(356,405)	(1,407,492)
Non-operating revenues, expenses:				
Interest income	13		233	246
Interest expenses	(124,709)		0	(124,709)
Transfer Out	(365,000)			(365,000)
Transfer In	365,000		198,607	563,607
	(124,696)	0	198,840	74,144
Changes in net position	(998,333)	(177,450)	(157,565)	(1,333,348)
Net position-beginning	3,822,053	913,220	(473,413)	4,261,860
Net position-ending	\$ 2,823,720	\$ 735,770	\$ (630,978)	\$ 2,928,512

The accompanying notes are an integral part of the financial statements

**CITY OF GRENADA, MISSISSIPPI**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	Water	Solid Waste	Golf	Total
Cash flows from operating activities:				
Cash received from customers	\$ 4,326,137	\$ 902,175	\$ 269,368	\$ 5,497,680
Cash payments for goods and services	(2,635,185)	(832,163)	(274,120)	(3,741,468)
Cash payments for payroll, payroll taxes and retirement	(1,261,842)	(36,310)	(366,964)	(1,665,116)
Cash received-operating grant	-	-	-	-
Net cash provided by operating activities	429,110	33,702	(371,716)	91,096
Cash flows from non-capital financing activities:				
Advances from other funds	-	-	380,493	380,493
Net cash provided by non-capital financing activities	-	-	380,493	380,493
Cash flows from capital and related financing activities:				
Repay other funds	-	-	-	-
New debt	120,844	-	29,000	149,844
Principal payments on capital leases	(6,172)	-	(2,975)	(9,147)
Interest on capital leases	(105,348)	-	-	(105,348)
Acquisition and construction of capital assets	(120,844)	-	(29,000)	(149,844)
Principal payments on loan	(232,301)	-	-	(232,301)
Interest payments on revolving loan	91,667	-	-	91,667
Retirement of revenue bonds	(365,000)	-	-	(365,000)
Interest paid on revenue bonds	(123,029)	-	-	(123,029)
Net cash provided (used) by capital and related financing activities	(740,183)	-	(2,975)	(743,158)
Cash flows from investing activities:				
Interest received on cash and cash equivalents	13	-	233	246
Net cash provided (used) by investing activities	13	-	233	246
Net increase (decrease) in cash for the year	(311,060)	33,702	6,035	(271,323)
Cash and cash equivalents, beginning of year	549,025	656,861	43,779	1,249,665
Cash and cash equivalents, end of year	237,965	690,563	49,814	978,342

**CITY OF GRENADA, MISSISSIPPI**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	Water	Solid Waste	Golf	Total
To net Cash provided by operating Activities:				
Income (loss) from operations	\$ (873,637)	\$ (177,450)	\$ (356,405)	\$ (1,407,492)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Pension Expense	30,456		8,780	39,236
Depreciation	990,759	-	14,689	1,005,448
Amortization	148,735			148,735
Changes in assets and liabilities:				-
(Increase) decrease in net accounts receivable	(133,398)	(20,912)	-	(154,310)
(Increase) decrease in due from other funds	591,359	5,746	(82,813)	514,292
(Increase) decrease in deferred outflows	(16,989)	(464)		(17,453)
(Increase) decrease in other liabilities	27,028	(738)	251	26,541
Increase (decrease) in accounts payable	222,586	5,545	7,371	235,502
Increase (decrease) allowance for bad debt	17,062	219,768	-	236,830
(Increase) decrease in accrual for compensated absences	20,324	173	-	20,497
(Increase) decrease in Pension Liability	(74,473)	2,034	-	(72,439)
(Increase) decrease in other assets	131,747	-	23,638	155,385
Increase (decrease) in bonds payable	(365,000)		-	(365,000)
Increase (decrease) in leases payable	(287,449)		12,773	(274,676)
Net Cash provided by operating activities	<u>\$ 429,110</u>	<u>\$ 33,702</u>	<u>\$ (371,716)</u>	<u>\$ 91,096</u>

The accompanying notes are an integral part of the financial statements

**CITY OF GRENADA, MISSISSIPPI**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	Insurance Fund	Tax Collector's Fund	Evidence Fund	Total
<b>ASSETS</b>				
Cash	69,535	1,053,927	20,533	1,143,995
Due from Governmental Funds	13,272	0		13,272
Due from Other Funds	0		0	0
Due from others		165,318		165,318
Total Assets	<u>82,807</u>	<u>1,219,245</u>	<u>20,533</u>	<u>1,322,585</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	20,533	20,533
Due to other funds	69,691	1,161,736		1,231,427
Due to others	13,116	57,509		70,625
Due to Governmental Fund		0		0
Total Liabilities	<u>\$ 82,807</u>	<u>\$1,219,245</u>	<u>\$20,533</u>	<u>1,322,585</u>

The accompanying notes are an integral part of the financial statements

**CITY OF GRENADA, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2019**

**NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

**Government-Wide and Fund Financial Statements**

The City's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**Government-Wide Financial Statements**

The statement of net position and the statement of activities display information on all nonfiduciary activities of the primary government and its component units. The statements distinguish between those activities of the City that are governmental, which are normally supported by taxes and intergovernmental revenues, and those that are considered business-type activities, which rely to a significant extent on fees and charges for support.

The statement of net position presents the financial condition of the governmental and business-type activities for the City at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for the business-type activities of the City. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient for the goods and services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues that are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the City.

**CITY OF GRENADA, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2019**

**NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Fund Financial Statements**

During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. Separate financial statements are provided for governmental funds and proprietary funds. The focus of governmental and enterprise fund financial statements are on major funds. Each major fund is presented in a separate column. Non-major funds, where applicable, are aggregated and presented in a single column.

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible in the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt services expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Significant revenues considered to be susceptible to accrual include sales tax and various categorical grants.

The City reports the following governmental funds:

*General Fund* – The General Fund is used to account for all financial resources of the primary government except those required to be accounted for in another fund. The majority of current operations are financed by this fund. Transfers to other funds and agencies are made from this fund. Monies from other funds may be received unless prohibited by the purpose and object of such funds. This is a major fund.

*Special Revenue Fund*- The Special Revenue Fund is used to account for the proceeds of specific federal and state grants and specific tax assessments that are legally restricted to expenditures for specified purposes. This is a non-major governmental fund.

*Debt Service Fund*- The Debt Service Fund was established to receive and account for resources restricted for the payment of interest and principal on general improvement and notes and bonds payable. This is a non-major governmental fund.

**CITY OF GRENADA, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2019**

**NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The City reports the following major proprietary funds:

The Water/Sewer, Solid Waste and Golf Fund - These funds are used to account for the City's Water/Sewer services, Solid Waste disposal, and Golf fees and expenses.

The City has elected to apply all Governmental Accounting Standards Board (GASB) pronouncements, applicable Financial Accounting Standards Board (FASB) pronouncements, and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include: 1) charges to customers for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. General revenues are those which cannot be associated directly with program activities

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues for the proprietary funds are as follows: sale of water and charges for sewer treatment. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Financial Reporting Entity

The City's combined financial statements include the accounts of all City operations. The criteria for including organizations as component units within the City's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the City holds the corporate powers of the organization
- the City appoints a voting majority of the organization's board
- the City is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the City
- there is a fiscal dependency by the organization on the City

Included within the reporting entity:

*City of Grenada* water and sewer system. The rates for user charges and bond issuance authorizations also are approved by the government's governing body and the legal liability for the general obligation portion of the water and sewer debt remains with the government.

**CITY OF GRENADA, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2019**

**NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Budgets and Budgetary Accounting

The mayor and City Council generally follow the following proposed budget calendar of the State Department of Audit in establishing the budgetary data reflected in the financial statements:

- (1) The mayor and City Council formulate the budget policy at the May board meeting.
- (2) Department budget requests are prepared by the appropriate people and submitted by the July board meeting.
- (3) A proposed budget is presented at the August meeting and a notice of public budget hearings and availability of the budget for inspection is published.
- (4) Between August 15th-30th a public hearing is held and the budget is adopted. The anticipated tax levy is reviewed to determine whether public notice is required on any levy.
- (5) Between September 1st-15th the budget must be adopted and the tax levy set.
- (6) Between September 1st-30th, in accordance with the City's population, the budget must be published in a local newspaper.
- (7) And, between September 15th-30th the budget as adopted should be written up, filed with the municipal clerk and public notice given of the availability of the budget for inspection. Expenditures may not legally exceed budgeted appropriations at the activity level. During the year, several supplementary appropriations were necessary.
- (8) Further, budgets are used as management control devices in the Proprietary Fund.  
This budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP), except the Proprietary Fund recognizes all expenditures for debt as expense and no depreciation expense is recognized.



**CITY OF GRENADA, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2019**

**NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Unused appropriations for all of the above annually budgeted funds lapse at the end of the year. The budget amounts shown in the financial statements are the final authorized amounts after appropriate revisions during the year.

Expenditures may not legally exceed budgeted appropriations at the activity level except for capital outlays, election expenses and emergency expenditures.

Cash and Investments

Deposits- The collateral for public entities' deposits in financial institutions is now 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 deposits 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.

Investments - State statutes, City bond ordinances and City resolutions authorize the City's investments. The City is authorized to invest in any bonds or other direct obligations of the United States of America or the State of Mississippi, or of any county or municipality of this state, or of any school district, which such county or municipal or school district bonds have been approved by a reputable bond attorney or have been validated by a decree of the chancery court, or in obligations issued or guaranteed in full as to principal and interest by the United States of America which are subject to a repurchase agreement with a qualified depository or in interest-bearing time certificates of deposit with municipal depositories serving in accordance with Section 27-105-353 at a rate of interest not less than a simple interest rate numerically equal to the average bank discount rate on United States Treasury bills of comparable maturity.

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 City of Grenada's participation in the Public Employees' Retirement System of Mississippi (PERS), and additions to/deductions from the City of Grenada's fiduciary net position have been determined on the same basis as they are reported by the Public Employees' Retirement System of Mississippi (PERS). For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employees' Retirement System of Mississippi (PERS). Investments are reported at fair value.

**CITY OF GRENADA, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2019**

**NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Revenue Recognition

Tourism Tax- The City levies a 3% tax on gross sales of hotels, restaurants and 2% on prepared food and alcoholic beverages and such other businesses within the city limits where food and drink are sold. The tax is collected by the Mississippi State Tax Commission, and remitted to the City in the month following receipt. This tax is recorded in a special revenue fund. Collections received in October for the month of September are included in accounts receivable. 2% goes to fund a Sports Complex.

Other Long-term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the proprietary fund statements and the government-wide statements (either governmental activities or business- type activities, as applicable). Bond premiums, discounts and issuance costs are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable premiums and discounts. Issuance costs are reported as deferred charges.

In the governmental fund financial statements, bond premiums, discounts and issuance costs are recognized during the current period. The face amount of debt issued and any premiums received are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Compensated Absences

The City's policy allows employees to accumulate earned but unused vacation leave. The City's policy also allows for compensated time off for overtime worked. Employees are reimbursed for the hours if unused at the end of each fiscal year.

**CITY OF GRENADA, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2019**

**NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**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." Interfund receivables and payables within governmental activities are eliminated in the Statement of Net Position. Any outstanding balances between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balance."

**Inventories**

Inventories for proprietary fund types are valued at cost.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, all highly liquid debt instruments purchased with a maturity of three months or less are considered to be cash equivalents.

**Fund Balance Classification**

The City has implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions. In accordance with GASB Statement No. 54, the governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Non-spendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The City has classified prepaid items as being Non-spendable as these items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The City has classified tourism tax funds as being restricted because their use is restricted by State Statute for tourism expenditures. Debt service resources are to be used for future servicing of the revenue note and are restricted through debt covenants.

**CITY OF GRENADA, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30,2019**

**NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- Assigned: This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Council or through the City Council delegating this responsibility to the City's management through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned: This classification includes the residual fund balance for the General Fund and all other amounts not included in other spendable classifications.

Use of Restricted/Unrestricted Net Position

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the City's policy is to apply restricted net position first.

**CITY OF GRENADA, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2019**

**NOTE 2 - CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2019 was as follows:

	Beginning Balance 10/1/2018	Additions	Retirements	Ending Balance 9/30/2019
Governmental Activities:				
Non-depreciable assets:				
Land	\$ 5,328,260	\$ -	\$ -	5,328,260
Depreciable assets:				0
Buildings	19,979,618	1,302,868	0	21,282,486
Improvements	10,118,926	0	0	10,118,926
Machinery and equipment	8,451,034	390,955	0	8,841,989
Infrastructure	10,860,029	889,888	0	11,749,917
Construction in process	0	0	0	0
Totals at historical cost	54,737,867	2,583,711	0	57,321,578
Less accumulated depreciation for:				
Buildings	2,448,000	564,278		3,012,278
Improvements	4,767,061	591,401		5,358,462
Machinery and equipment	4,701,811	370,275		5,072,086
Infrastructure	2,962,149	84,467		3,046,616
Total accumulated depreciation	14,879,021	1,610,421		16,489,442
Governmental activities capital assets, net	\$ 39,858,846	\$ 973,290	\$ -	\$ 40,832,136

The City's capitalization threshold is \$1,000 for general fixed assets and \$5,000 for infrastructure assets. The City retroactively applied these thresholds to all general fixed assets in service. The City also retroactively capitalized infrastructure assets in service.

**CITY OF GRENADA, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2019**

**NOTE 2 - CAPITAL ASSETS (continued)**

Business-type Capital asset activity for the year ended September 30, 2019 was as follows:

	Beginning Balance <u>10/1/2018</u>	Additions	Retirements	Ending Balance <u>9/30/2019</u>
Business-type Activities:				
Non-depreciable assets:				
Land	424,801	-		424,801
Depreciable assets:	0			0
Buildings	93,013	-		93,013
Water and sewer system	42,714,966	0		42,714,966
Machinery and equipment	2,449,020	146,844		2,595,864
Vehicles	877,818	0		877,818
Construction in process	-	0		0
Totals at historical cost	<u>46,559,618</u>	<u>146,844</u>	-	<u>46,706,462</u>
Less accumulated depreciation for:				
Buildings	93,013	0		93,013
Water and sewer system	29,845,794	1,245,357		31,091,151
Machinery and equipment	2,694,247	(245,227)		2,449,020
Vehicles	800,241	5,318		805,559
Total accumulated depreciation	<u>33,433,295</u>	<u>1,005,448</u>	-	<u>34,438,743</u>
Business-type activities capital assets, net	<u>13,126,323</u>	<u>(858,604)</u>	-	<u>12,267,719</u>

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. Depreciation has been calculated on the fixed assets using the following useful lives:

Buildings	40 Years
Improvements	20 Years
Machinery and Equipment	3-10 Years
Utility Systems	20 Years
Infrastructure	20 Years

**CITY OF GRENADA, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2019**

**NOTE 2 - CAPITAL ASSETS (continued)**

Depreciation expense was charged to Governmental and Proprietary Funds

	<u>Governmental</u>	<u>Proprietary</u>	<u>Total</u>
General government	766,326		766,326
Public property	427,423		427,423
Public safety	59,381		59,381
Streets and sanitation	0		-
Motor vehicle maintenance	0		-
Recreation and senior citizens	0		-
Airport	357,290		357,290
Buildings		-	-
Vehicles		5,318	5,318
Machinery & Equipment		14,689	14,689
Water and Sewer		985,441	985,441
Total depreciation expense	<u>1,610,420</u>	<u>1,005,448</u>	<u>2,615,868</u>

**NOTE 3 - RECEIVABLES**

Receivables at September 30, 2019, consisted primarily of (billings for user charged services including unbilled utility services), intergovernmental receivables arising from shared revenues such as Sales Taxes.

**CITY OF GRENADA, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2019**

**NOTE 4: LONG-TERM DEBT**

<u>Date Issued</u>	<u>Definition and purpose</u>	<u>Beginning Balance Oct.1, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance Sept. 30, 2019</u>	<u>Amounts Due Within One Year</u>
CITY OF GRENADA						
GOVERNMENTAL ACTIVITIES:						
GENERAL OBLIGATION BONDS:						
11/12/2009	GO Re-funding Bonds Series 2009. Principal payments due annually, varying in amounts from 50,000 to 380,000 beginning on December 1, 2009. Final installment due December 1, 2018. Interest payable at various rates from .75% to 3.75%. Paying to Peoples Bank.	380,000	0	380,000	0	0
6/1/2011	\$7,400,000 Public Improvements Bonds, Series 2011. Principal payments due annually, varying in amounts from \$225,000 to \$550,000 beginning on June 1, 2012. Final installment due June 1, 2031. Interest payable on December 1 and June 1 at various rates from 4.4% to 3.7%. Paying to First National Bank of Clarksdale	5,525,000	0	325,000	5,200,000	325,000
10/24/2017	\$2,225,000 GO Refunding Bonds Series 2017 Principal payments due annually, varying in amounts from 25,000 to 245,000 beginning on December 1, 2017. Final installment due December 1, 2027. Interest payable at various rates from 1.35.% to 2.50%. Paying to First National Bank of Clarksdate	2,200,000	0	190,000	2,010,000	195,000
9/1/2019	\$6,000,000 GO Public Improvement Bond 2019 Principal payments due annually, varying in amounts from 120,000 to 430,000 beginning on March 1, 2020. Final installment due March 1, 2039. Interest payable at various rates from 2.125.% to 3.00%. Paying to First National Bank of Clarksdate		6,000,000	0	6,000,000	120,000
<b>TOTAL BONDS</b>		<u>8,105,000</u>	<u>6,000,000</u>	<u>895,000</u>	<u>13,210,000</u>	<u>640,000</u>



**CITY OF GRENADA, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2019**

NOTE 4: LONG-TERM DEBT (continued)

Date Issued	Definition and purpose	Beginning Balance Oct.1, 2018	Additions	Reductions	Ending Balance Sept. 30, 2019	Amounts Due Within One Year
<b>NOTES PAYABLE:</b>						
7/22/1999	State of Mississippi-Capital Improvements Revolving Loan for manufacturing building. Rent from building pays 240 monthly payments of \$3,202.01 starting September 1, 1999 including interest at 4.65%.	41,335	0	40,499	836	836
10/6/2014	Miss. Development Authority CAP Loan for Suburban Plastics \$693,427.00 at 3% for 120 monthly payments of \$6,695.78. Suburban Plastics will pay City of Grenada 120 payments of \$6,695.78 per month to	527,936	0	70,601	457,335	66,713
10/9/2017	Miss. Development Authority CAP Loan for Sunshine Aviation \$144,815.22 at 3% for 120 monthly payments of \$1,398.35. Sunshine Aviation will pay City of Grenada 120 payments of \$1,500.00 per month to repay Cap Loan	135,394		12,895	122,499	13,286
<b>TOTAL NOTES PAYABLE</b>		<u>704,665</u>	<u>0</u>	<u>123,995</u>	<u>580,670</u>	<u>80,835</u>
<b>CAPITAL LEASES</b>						
12/28/2010	Fire Truck, Rescue Pumper \$499,295, Regions Bank; 3.78% int, 10 ann. rent pmts @ 60,866.22	170,198	0	54,473	115,725	56,532
1/23/2013	Radio Equipment-Motorola Leasing 5 annual payments of \$40,552.70	39,200	0	39,200	0	0
12/6/2018	Street Sweeper-Bancorpsouth Equipment Finance-60 monthly payments @ 4.24%	0	220,000	19,965	200,035	41,219
2/19/2019	Metrix Solutions Police cameras 4 years at \$21,369	0	170,955	85,479	85,476	21,369
<b>TOTAL CAPITAL LEASES</b>		<u>209,398</u>	<u>390,955</u>	<u>199,117</u>	<u>401,236</u>	<u>119,120</u>
<b>OTHER LIABILITIES:</b>						
	Compensated Absences	<u>597,909</u>	<u>0</u>	<u>20,130</u>	<u>577,779</u>	
	Total Governmental Activities & Long-Term Liabilities	<u>\$ 9,616,972</u>	<u>\$6,390,955</u>	<u>\$1,238,242</u>	<u>\$ 14,769,685</u>	<u>\$ 839,955</u>

**CITY OF GRENADA, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30,2019**

NOTE 4: LONG-TERM DEBT (continued)

Date Issued	Definition and purpose	Beginning Balance Oct.1, 2018	Additions	Reductions	Ending Balance Sept. 30, 2019	Amounts Due Within One Year
<b>BUSINESS TYPE ACTIVITIES:</b>						
<b>REVENUE BONDS (WATER &amp; SEWER ENTERPRISE FUND):</b>						
5/21/2013	\$7,020,000 Combined Water and Sewer System Revenue Refunding Bonds, Series 2013, FNB Clarksdale 2.49% net interest, final payment 9/01/2030	4,920,000	0	365,000	4,555,000	365,000
	Total Bonds Payable	4,920,000	0	365,000	4,555,000	365,000
<b>CAPITAL LEASES</b>						
2/6/2014	8,201 Water meters and 2,952 Light Fixtures Bancorpsouth Equipment \$3,582,000.00 for 15 years 10 months at 57 quarterly payments of \$80,992.09	2,865,152	0	232,301	2,632,851	240,059
6/3/2016	Four Ford 2016 F350 Trucks-Ford Motor Credit \$2,513.93 monthly for 60 mo. At 5.45%	75,953	0	27,957	47,996	28,275
1/19/2019	Wells Fargo -JD Mowers 5.90% 36 payments @ 880.92		29,000	2,975	26,025	9,284
7/16/2018	Caterpillar Financial-Excavator 4296 60 payments of \$1,007.04		60,422	14,099	46,323	14,099
7/16/2018	Caterpillar Financial-Excavator 4938 60 payments of \$1,007.04		60,422	13,092	47,330	13,092
Total Other Notes Payable and Capital Leases		2,941,105	149,844	290,424	2,800,525	304,809
Total Bonds and notes payables		7,861,105	149,844	655,424	7,355,525	669,809
Compensated absences		142,456	0	23,440	119,016	-
Total Business-type Activities LTD		\$ 8,003,561	\$ 149,844	\$ 678,864	\$ 7,474,541	\$ 669,809
<b>TOTAL GOVERNMENTAL AND BUSINESS TYPE DEBT</b>		<b>\$17,620,533</b>	<b>\$6,540,799</b>	<b>\$1,917,106</b>	<b>\$22,244,226</b>	<b>\$ 1,509,764</b>

CITY OF GRENADA, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2019

**NOTE 4: LONG TERM DEBT (continued)**

**ANNUAL DEBT SERVICE**

<u><i>Year Ended September 30</i></u>	<u><b>Governmental Activities</b></u>		<u><b>Business-Type Activities</b></u>		<u><b>Total</b></u>
	<u><i>Principal</i></u>	<u><i>Interest</i></u>	<u><i>Principal</i></u>	<u><i>Interest</i></u>	
2020	839,955	408,231	666,032	172,881	2,087,099
2021	968,690	386,450	673,555	185,490	2,214,185
2022	954,836	358,494	674,175	168,727	2,156,232
2023	973,754	330,889	678,339	152,311	2,135,293
2024	984,921	299,894	678,775	134,687	2,098,277
2025 - 2029	4,764,749	1,054,487	3,514,650	369,933	9,703,819
2030 - 2034	2,710,000	429,600	470,000	14,100	3,623,700
2035 - 2039	1,995,000	145,082	0	0	2,140,082
<b>Total</b>	<b>\$14,191,905</b>	<b>\$ 3,413,127</b>	<b>\$7,355,526</b>	<b>\$ 1,198,129</b>	<b>\$ 26,158,687</b>

**CITY OF GRENADA, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30,2019**

**NOTE 5: INTER-FUND TRANSACTIONS**

TRANSFERS IN/OUT

TRANSFER IN	TRANSFER OUT	
ENTERPRISE FUNDS	OTHER GOVERNMENTAL FUNDS	198,607
OTHER GOVERNMENTAL FUNDS	OTHER GOVERNMENTAL FUNDS	1,233,647
TOTAL		1,432,254

DUE FROM / TO

DUE FROM	DUE TO	
ENTERPRISE	DUE TO OTHER GOVERNMENTAL	622,913
AGENCY	DUE TO OTHER GOVERNMENTAL	1,218,155
TOTAL		1,841,068

**NOTE 6 - FUND BALANCE RECONCILIATION.- GENERAL FUND BUDGET BASIS**

Mississippi state law requires, for budget purposes, that the general fund record revenues on the cash basis. Generally accepted accounting principles (GAAP) would require that the revenues be accounted for on the modified accrual basis; therefore, the required budgetary basis would not be considered to be GAAP.

**NOTE 7 - LITIGATION**

Certain claims, suits, and complaints arising in the ordinary course of business have been filed or are pending against the City. In the opinion of the elected officials, all such matters are adequately covered by insurance, or if not so covered, are without merit or are of such kind, or involve such amounts, as would not have a significant effect on the financial position or results of operations of the City if disposed of unfavorably.

**NOTE 8 - DEFINED BENEFIT PENSION PLAN**

*General/Information about the Pension Plan*

Plan Description. The City of Grenada contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. Section 25-11-1 et seq., (1972, as amended) and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

**CITY OF GRENADA, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30,2019**

**NOTE 8- DEFINED BENEFIT PENSION PLAN (continued)**

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

Employee membership data related to the Plan, as of June 30 , 2018 was as follows:

Inactive Members or Beneficiaries Currently	
Receiving Benefits	104,973
Inactive Members Assumed Eligible for a	
Benefit at Retirement Date	16,578
Inactive Members Assumed Not to Receive	
Service Retirement Benefits	52,763
Active Members	<u>150,687</u>
Total	<u>325,001</u>

Contributions. At September 30, 2019, PERS members were required to contribute 9% of their annual covered salary, and the City is required to contribute at an actuarially determined rate. The employer's rate at September 30, 2019 was 17.40% of annual covered payroll. This rate increased as of July 1, 2019 from 15.75%. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The City's contributions (employer share only) to PERS for the years ending September 30, 2019, 2018 and 2017 were \$989,015, \$964,473, and \$963,723, respectively, equal to the required contributions for each year.

**CITY OF GRENADA, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2019**

**NOTE 8—DEFINED BENEFIT PENSION PLAN (continued)**

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

At September 30, 2019, the City reported a liability of \$16,430,023 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The City's proportionate share used to calculate the September 30, 2019 net pension liability was 0.093395 percent, which was based on a measurement date of June 30, 2019. This was an increase of 0.002166 percent from its proportionate share used to calculate the September 30, 2018 net pension liability, which was based on a measurement date of June 30, 2018.

For the year ended September 30, 2019, the City of Grenada recognized pension expense of \$1,207,965. At September 30, 2019, the City of Grenada reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 9,720	17,685
Net difference between projected and actual earnings on pension plan investments		179,753
Changes of assumptions	161,081	
City contributions subsequent to the measurement date	<u>287,300</u>	
Total	\$ <u>458,101</u>	<u>197,438</u>

\$287,300 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**CITY OF GRENADA, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2019**

**NOTE 8 - DEFINED BENEFIT PENSION PLAN (continued)**

<u>Year ending September 30</u>	<u>Amount</u>
2020	\$ 82,200
2021	(232,672)
2022	48,826
2023	<u>75,009</u>
 Total	 <u>\$ (26,637)</u>

Actuarial Assumptions. The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	2.75 percent
Salary increases	3.00 – 18.25 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the PubS.H-2010(8) Retiree Table with the following adjustments: For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119. For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119. Mortality rates will be projected generationally using the MP-2018 projection scale to account for future improvements in life expectancy.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by 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, 2019, are summarized in the following table:

**CITY OF GRENADA, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2019**

**NOTE 8 – DEFINED BENEFIT PENSION PLAN (continued)**

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	27.00 %	4.90 %
International Equity	22.00 %	4.75 %
Global Equity	12.00 %	5.00 %
Fixed Income	20.00 %	1.50 %
Real Estate	10.00 %	4.00 %
Private Equity	8.00 %	6.25 %
Cash	1.00 %	0.25 %
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 contribution rate (17.40%). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to the City of Grenada's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the City of Grenada's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the City of Grenada'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%)
City's proportionate share of the net pension liability	\$ 21,597,835	\$ 16,430,023	\$ 12,164,459

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



**CITY OF GRENADA, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30,2019**

**NOTE 9 - RISK MANAGEMENT**

The City of Grenada is exposed to various risks of losses related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all major programs of the City except for certain employment practices liabilities, certain environmental liabilities, worker's compensation liabilities funded through a public entity risk pool, and catastrophic natural disasters that may exceed insurance coverages for which the City retains the risk of loss.

Risk of loss related to workers compensation for injuries to City employees is covered through the Mississippi Municipal Workers' Compensation Group, a public entity risk pool. The pool was formed on March 28, 1989, by the Mississippi Nonprofit Corporation Act, pursuant to Section 71-3-75, Mississippi Code Annotated (1972), to provide public entities within the State of Mississippi workers compensation and employer's liability coverage.

The City pays premiums to the pool for its workers' compensation insurance coverage based on total payroll. The participation agreement provides that the pool will be self-sustaining through member premiums. The risk of loss is remote for claims exceeding the pool's retention liability. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered. For insured programs there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

The City Attorney estimates that the amount of actual or potential claims against the City as of September 30, 2019, will not materially affect the financial condition of the City. Therefore, no provisions have been made for estimated claims. There have been no material claims paid by the City during the current or prior year.

**NOTE 10 – ESTIMATES**

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates. Significant estimates used in preparing these financial statements include those assumed in computing the provision for uncollectible court fines and the net pension liability as mentioned in Note 3 and Note 8, respectively. It is at least reasonably possible that the significant estimates used will change within the next year.

**CITY OF GRENADA, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30,2019**

**NOTE 11 - PRIOR PERIOD ADJUSTMENTS**

A summary of significant equity adjustments is as follows:

<u>Statement of Activities.</u>	
<u>Explanation</u>	<u>Amount</u>
Governmental Activities	
To adjust net pension liability and related deferred outflows, inflows, and transfers.	<u>\$1,185,385</u>
Total prior period adjustments - governmental activities	<u>\$1,185,385</u>
Business-type Activities	
To adjust net pension liability and related deferred outflows, inflows and transfers.	
Total prior period adjustments - business-type activities	
Total prior period adjustments governmental and business-type activities	<u>\$ 1,185,385</u>
<u>Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds.</u>	
<u>Explanation</u>	<u>Amount</u>
To adjust net pension liability and related deferred outflows, inflows and transfers.	<u>\$1,185,385</u>
Total prior period adjustments	<u>\$1,185,385</u>

**NOTE 13-COMMITMENTS**

The City participates in certain federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

**NOTE14-SUBSEQUENTEVENTS**

Management has evaluated subsequent events through December 6, 2022, the date on which the financial statements were available to be issued.

## **CITY OF GRENADA, MISSISSIPPI**

### **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF GRENADA, MISSISSIPPI**  
**BUDGET COMPARISON SCHEDULE - CASH BUDGETARY BASIS-UNAUDITED**  
**GENERAL FUND**  
**YEAR ENDED SEPTEMBER 30, 2019**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amount	
General Fund:				
Taxes	\$ 5,203,845	\$ 5,011,391	\$ 5,011,391	\$ -
Taxes-Prior Year	10,000	0	0	0
License and Permits	1,030,000	1,083,977	1,083,977	0
State Revenue	4,932,100	4,954,410	4,954,410	0
Road Tax	685,000	(365,086)	(365,086)	0
Fines and Forfeits	550,000	20,104	20,104	0
Accident and Offense Report	6,000	10,330	10,330	0
Miscellaneous Revenue	260,100	313,101	313,101	0
Total General Fund Revenue	12,677,045	11,028,227	11,028,227	0
General Administration Expense:				
Personnel Services	(1,255,967)	(1,100,835)	(1,100,835)	0
Consumable Supplies	(19,500)	(23,340)	(23,340)	0
Contractual/Other Services	(286,200)	(534,205)	(534,205)	0
Capital Outlay	(4,000)	(4,808)	(4,808)	0
Total General Administration Expense	(1,565,667)	(1,663,188)	(1,663,188)	0
Planning & Zoning Expenses:				
Personnel Services	(164,877)	(166,056)	(166,056)	0
Consumable Supplies	(5,200)	(7,459)	(7,459)	0
Contractual/Other Services	(45,300)	(10,392)	(10,392)	0
Capital Outlay	(1,000)	(599)	(599)	0
Total Planning & Zoning Expenses	(216,377)	(184,506)	(184,506)	0
Appropriation Expenses:				
Contractual/Other Services	(631,867)	(81,500)	(81,500)	0
Total Appropriation Expenses	(631,867)	(81,500)	(81,500)	0
Police Expenses:				
Personnel Services	(2,458,360)	(2,270,681)	(2,270,681)	0
Consumable Supplies	(191,050)	(157,688)	(157,688)	0
Contractual/Other Services	(580,300)	(534,778)	(534,778)	0
Capital Outlay	(142,000)	(145,185)	(145,185)	0
Total Police Expenses	(3,371,710)	(3,108,332)	(3,108,332)	0
Domestic Violence:				
Personnel Services	0	0	0	0
Contractual/Other Services	0	0	0	0
Total Domestic Violence Expenses	0	0	0	0
Court Expenses:				
Personnel Services	(291,188)	(245,736)	(245,736)	0
Consumable Supplies	(7,200)	(7,622)	(7,622)	0
Contractual/Other Services	(374,650)	(52,395)	(52,395)	0
Capital Outlay	(35,000)	(1,757)	(1,757)	0
Total Court Expenses	(708,038)	(307,510)	(307,510)	0

**CITY OF GRENADA, MISSISSIPPI**  
**BUDGET COMPARISON SCHEDULE CASH BUDGETARY BASIS-UNAUDITED**  
**GENERAL FUND**  
**YEAR ENDED SEPTEMBER 30, 2019**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amount	
<b>Fire:</b>				
Personnel services	(2,478,680)	(2,163,710)	(2,163,710)	0
Consumable Supplies	(92,950)	(82,997)	(82,997)	0
Contractual/Other Services	(132,200)	(81,038)	(81,038)	0
Capital Outlay	(52,500)	(22,589)	(22,589)	0
Total Fire	(2,756,330)	(2,350,334)	(2,350,334)	0
<b>Street:</b>				
Personnel services	(495,761)	(444,862)	(444,862)	0
Consumable Supplies	(141,550)	(146,840)	(146,840)	0
Contractual/Other Services	(659,750)	(608,019)	(608,019)	0
Capital outlay	(205,000)	(796,022)	(796,022)	0
Total Street	(1,502,061)	(1,995,743)	(1,995,743)	0
<b>Parks &amp; Recreation:</b>				
Personnel services	(332,709)	(322,346)	(322,346)	0
Materials & supplies	(149,500)	(177,154)	(177,154)	0
Other services & charges	(26,250)	(29,626)	(29,626)	0
Capital outlay	(55,000)	(53,892)	(53,892)	0
Total parks & recreation	(563,459)	(583,018)	(583,018)	0
<b>Community Services</b>				
Personnel services	(173,534)	(190,523)	(190,523)	0
Materials & supplies	(11,540)	(4,174)	(4,174)	0
Other services & charges	(5,400)	(15,565)	(15,565)	0
Capital outlay	(10,000)	(30,995)	(30,995)	0
Total community services	(200,474)	(241,257)	(241,257)	0
<b>Public Property:</b>				
Personnel services	(428,623)	(466,102)	(466,102)	0
Materials & supplies	(78,000)	(127,743)	(127,743)	0
Other services & charges	(347,500)	(442,968)	(442,968)	0
Capital outlay	(160,500)	(80,303)	(80,303)	0
Total Public Property	(1,014,623)	(1,117,116)	(1,117,116)	0
<b>MVM:</b>				
Personnel services	(131,339)	(143,271)	(143,271)	0
Materials & supplies	(5,000)	(7,959)	(7,959)	0
Other services & charges	(6,100)	(6,985)	(6,985)	0
Capital outlay	(4,000)	(205)	(205)	0
Total MVM	(146,439)	(158,420)	(158,420)	0
<b>General Fund Total</b>	<b>0</b>	<b>(762,702)</b>	<b>(762,702)</b>	

**CITY OF GRENADA, MISSISSIPPI**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**A. BUDGETARY INFORMATION**

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

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

**B. BASIS OF PRESENTATION**

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

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

**C. BUDGET/GAAP RECONCILIATION**

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

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

Budget (Cash Basis)	General Fund (762,702)
Increase (Decrease)	
Net Adjustments for Revenue Accruals	1,691,089
Net Adjustments for Expenditure Accruals	<u>364,998</u>
GAAP Basis	<u>\$1,293,385</u>

CITY OF GRENADA, MISSISSIPPI  
SCHEDULE OF CITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY  
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Last 10 Fiscal Years*	2019	2018	2017	2016	2015
City's proportion of the net pension liability	0.093395%	0.095561%	0.095851%	0.091875%	0.090894%
City's proportionate share of the net pension liability	16,430,023	15,894,633	15,535,155	16,411,169	14,050,420
City's covered employee payroll	5,739,044	5,732,925	5,787,755	5,895,514	5,679,220
City's proportionate share of the net pension liability as a percentage of its covered employee payroll	286.29%	277.25%	275.30%	278.37%	247.40%
Plan Fiduciary net position as a percentage of the pension liability	61.59%	62.54%	61.49%	57.47%	61.70%

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

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

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

CITY OF GRENADA, MISSISSIPPI  
SCHEDULE OF CITY'S PENSION CONTRIBUTIONS  
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Last 10 Fiscal Years*	2019	2018	2017	2016	2015
Contractually required contribution	958,010	964,473	963,723	928,544	894,477
Contributions in relation to the contractually required contribution	958,010	964,473	963,723	925,696	894,479
Contribution deficiency (excess)	0	0	0	2,848	-2
City's covered employee payroll	6082600	6,123,638	6,118,876	5,895,514	5,679,220
Contributions as a percentage of covered employee payroll	15.75%	15.75%	15.75%	15.75%	15.75%

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

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



**CITY OF GRENADA, MISSISSIPPI**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**SEPTEMBER 30, 2019**

**Changes of Assumptions**

2019 The expectation of retired life mortality was changed to the PubS.H-2010(8) Retiree Table with the following adjustments:

- For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119.
- For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119.
- Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

The expectation of disabled mortality was changed to PubT.H-2010 Disabled Retiree Table for disabled retirees with the following adjustments:

- o For males, 137% of male rates at all ages.
- For females, 115% of female rates at all ages.
- Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

The price inflation assumption was reduced from 3.00% to 2.75%.

The wage inflation assumption was reduced from 3.25% to 3.00%.

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

The percentage of active member disabilities assumed to be in the line of duty was increased from 7% to 9%.

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 reflect actual experience more closely.

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

2016 The assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%.

**CITY OF GRENADA, MISSISSIPPI**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**SEPTEMBER 30, 2019**

**Changes of Assumptions (continued)**

2015 The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale 88 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.

**Changes of 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 preceding year with a minimum rate of one percent and a maximum rate of five percent.

Method and assumptions used in calculations of actuarially determined contributions. The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2017 valuation for the June 30, 2019 fiscal year end). 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	38.4 years
Asset valuation method	5-year smoothed market
Price Inflation	3.00 percent
Salary increase	3.25 percent to 18.50 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

## **CITY OF GRENADA, MISSISSIPPI**

## **OTHER SUPPLEMENTARY INFORMATION**

**CITY OF GRENADA, MISSISSIPPI**  
**SCHEDULE OF LONG-TERM DEBT**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

		Transactions during year			
		Balance		Balance	
Date Issued	Description	Outstanding		Outstanding	
		Oct. 1, 2018	Issued	Redeemed	Sept. 30, 2019
<b>General Obligations Bonds:</b>					
11/12/2009	GO Public Improvement	380,000	0	380,000	0
6/1/2011	GO Public Improvement	5,525,000	0	325,000	5,200,000
10/24/2017	GO 2017 Refunding	2,200,000	0	190,000	2,010,000
9/1/2019	GO 2019 Public Improvement		6,000,000	0	6,000,000
Total General Obligation Bonds		8,105,000	6,000,000	895,000	13,210,000
<b>Notes Payable:</b>					
7/22/1999	STMS Capital Improvement loan	41,335	0	40,499	836
10/6/2014	MDA Cap Loan Suburban	527,936	0	70,601	457,335
10/6/2014	MDA Cap Loan Sunshine	135,394	0	12,895	122,499
Total Notes Payable		704,665	0	123,995	580,670
<b>Long Term Leases:</b>					
12/28/2010	Fire Truck Rescue Pumper	170,198	0	54,473	115,725
12/15/2013	Police Radios at Motorola	39,200	0	39,200	0
12/6/2018	Street Sweeper	0	220,000	19,965	200,035
2/19/2019	Metyrix police Cameras	0	170,955	85,479	85,476
Total Long Term Leases		209,398	390,955	199,117	401,236
Total Governmental Activities Long Term Liabilities		9,019,063	6,390,955	1,218,112	14,191,906
<b>PROPRIETARY FUNDS LONG TERM DEBT:</b>					
Special Obligation Bonds:					
5/21/2013	Refunding Combined Water & Sewer	4,920,000	0	365,000	4,555,000
Total Special Obligations Bonds		4,920,000	0	365,000	4,555,000
<b>LONG TERM LEASES:</b>					
2/6/2016	Bancorpsouth Water Meters and Lighting	2,865,152	0	232,301	2,632,851
6/3/2016	Four Ford 2015 F350 Trucks	75,953	0	27,957	47,996
7/16/2018	Catepillar Excavator 4296		60,422	14,099	46,323
7/16/2018	Catepillar Excavator 4238		60,422	13,092	47,330
Total Water Fund Long Term Debt		2,941,105	120,844	287,449	2,774,500
<b>GOLF LEASES</b>					
1/19/2019	Golf Equipment financed by Wells Fargo	0	29,000	2,975	26,025
Total Golf Leases		0	29,000	2,975	26,025
Total Proprietary Debt		\$ 7,861,105	\$ 149,844	\$ 655,424	\$ 7,355,525
<b>Total Long Term Debt</b>		16,880,168	6,540,799	1,873,536	21,547,431

**CITY OF GRENADA, MISSISSIPPI**  
**SCHEDULE OF SURETY BONDS FOR MUNICIPAL OFFICIALS**  
**September 30, 2019**

<b>Name</b>	<b>Position</b>	<b>Company</b>	<b>Bond</b>
Billy Collins	Mayor	FCCI	\$100,000
Fredreick Wilson	City Councilman	FCCI	\$100,000
Ernest Hargrove	City Councilman	FCCI	\$100,000
Larry Woods Vance	City Councilman	FCCI	\$100,000
Warren B. Cox Sr.	City Councilman	FCCI	\$100,000
Joshua J. Hughes	City Councilman	FCCI	\$100,000
Ronald J. Merriman	City Councilman	FCCI	\$100,000
Lewis Johnson	City Councilman	FCCI	\$100,000
Donna Harper	Finance Director	RLI Insurance	\$50,000
Lois B Freelon	City Clerk	RLI Insurance	\$50,000
Carole Edwards	Deputy City Clerk	RLI Insurance	\$50,000
Allie Harges	Deputy City Clerk	RLI Insurance	\$50,000
Marilyn Mckinley	Senior Deputy Court Clerk	RLI Insurance	\$50,000
Debra Bowers	Deputy Court Clerk	RLI Insurance	\$50,000
MyKisha House	Deputy Court Clerk	RLI Insurance	\$50,000
Cynthia Wiggins	Water Dept Clerk	RLI Insurance	\$50,000
Angelica McCormick	Water Dept Clerk	RLI Insurance	\$50,000
Sue Ann Vest	Water Dept Clerk	RLI Insurance	\$50,000
Rochelle Steen-Purnell	Director- Public Property	RLI Insurance	\$50,000
Martha Sanders	Executive Secretart	RLI Insurance	\$50,000
Lesa Mixon	Customer Service Supervisor	RLI Insurance	\$50,000
Laverne Anderson	Personal Manager	RLI Insurance	\$50,000
Trey Baker	City Manager	RLI Insurance	\$50,000
Kimberly Bell	Planning & Zoning Clerk	RLI Insurance	\$50,000
Emma Bridges	Purchasing Clerk	RLI Insurance	\$50,000
Jeff Sanford	Golf Course Director	RLI Insurance	\$50,000
Garrett Hartley	Police Chief	RLI Insurance	\$50,000
Cassandra Liddell	Director - Community Service	RLI Insurance	\$50,000
Patricia Correro	Deputy Court Clerk	RLI Insurance	\$50,000
Trina George	Director of Personnel	RLI Insurance	\$50,000
Valda Reed	Deputy Court Clerk	RLI Insurance	\$50,000
Michelle Robinson	Deputy Court Clerk	RLI Insurance	\$50,000

**CITY OF GRENADA, MISSISSIPPI**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED SEPTEMBER 30, 2019**

Federal Grantor/ Pass-through Grantor/ Program Title	Catalog of Federal Domestic Assistance No.	Pass-through Entity Identifying Number	Federal Expenditures
United States Department of Agriculture Natural Resource Conservation Service Emergency Watershed Protection	10.923	EWP Avent Dr & Browns Creek	489,930
<b>U. S. Dept of Justice</b>			
Passed through Miss. Department of Public Safety Victims of Crime Act	16.575	VOCA 2019-VA-018	73,103
U. S. Department of Transportation National Highway Transportation Service Passed through Miss. Dept of Public Safety 154 Alcohol	20.607	DUI 154AL-2019-ST-28-41	34,629
<b>U. S. Department of Health</b>			
Passed through Miss. Department of Health: Transportation	93.044	Transportation	18,868
Passed through Miss. Department of Education: Summer Food	93.667	Summer Food	<u>7,823</u>
Total U. S. Department of Health			<u>26,691</u>
<b>U S. Dept of Homeland Security</b>			
Passed through Mississippi Emergency Management Agency Hazard Mitigation Grant Program	97.039	HMGP 1604-0524	<u>1,302,868</u>
Total for All Federal Awards			<u><u>1,927,221</u></u>

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

**CITY OF GRENADA, MISSISSIPPI**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**SEPTEMBER 30, 2019**

**NOTE 1- BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the "schedule") includes the federal award activity of City of Grenada, Mississippi under programs of the federal government for the year ended September 30, 2019. 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 the operations of City of Grenada, Mississippi, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Grenada, Mississippi.

**NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the course of business to amounts reported as expenditures in prior years.

**NOTE 3- Indirect Cost Rate**

City of Grenada, Mississippi has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**NOTE – Other Items**

Pass-through entity identifying numbers are presented where available.

## **CITY OF GRENADA, MISSISSIPPI**

### **SPECIAL REPORTS**



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

Mayor and City Council  
City of Grenada, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Grenada, as of and for the year ended September 30, 2019 and the related notes to the financial statements, which collectively comprise City of Grenada's basic financial statements and have issued our report thereon dated 12/6/2022.

**Internal Control over Financial Reporting**

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

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 have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2019-1, 2019-2, and 2019-3.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2019-1, 2019-2, and 2019-3 to be significant deficiencies.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether City of Grenada's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2019-4.

**Purpose of this Report**

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

A handwritten signature in blue ink that reads "Ronnie S. Windham, CPA, PLLC". The signature is written in a cursive style.

RONNIE S. WINDHAM, CPA, PLLC  
OXFORD, MS  
December 6, 2022

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

Mayor and City Council  
City of Grenada, Mississippi

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

We have audited City of Grenada's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of City of Grenada's major federal programs for the year ended September 30, 2019. City of Grenada'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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of City of Grenada'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 the audit 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). Those standards and the 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 City of Grenada'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. However, our audit does not provide a legal determination of City of Grenada's compliance.

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

In our opinion, City of Grenada 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, 2019.

***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2019-1, 2019-2, and 2019-3. Our opinion on each major federal program is not modified with respect to these matters.

## Report on Internal Control over Compliance

Management of City of Grenada is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Grenada'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 the 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 City of Grenada'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 a 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 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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



RONNIE S. WINDHAM, CPA, PLLC  
OXFORD, MS  
December 6, 2022

# RONNIE S. WINDHAM, CPA, PLLC

P.O BOX 159, OXFORD, MS 38655 cell (662) 816-2562 fax (662) 269-4457

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Certified Public Accountants

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

Honorable Mayor and City Council  
City of Grenada, Mississippi

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Grenada, Mississippi, as of and for the year ended September 30, 2019, which collectively comprise the City of Grenada, Mississippi's basic financial statements and have issued our report thereon dated December 6, 2022. We have conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

The results of those procedures and our audit of the financial statements disclosed material instances of noncompliance with state laws and regulations and which are described in the accompanying schedule of findings and responses as items 2019-4.

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

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



RONNIE S. WINDHAM, CPA, PLLC  
Oxford, Mississippi  
December 6, 2022

## **CITY OF GRENADA, MISSISSIPPI**

### **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**CITY OF GRENADA, MISSISSIPPI  
SCHEDULE OF FINDING AND QUESTIONED COSTS  
YEAR ENDED SEPTEMBER 30, 2019**

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

Financial Statements

- |   |   |            |
|---|---|------------|
| 1 | Type of auditor's report issued:                      | Unmodified |
| 2 | Internal control over financial reporting:            |            |
|   | a. Material weakness(es) identified?                  | YES        |
|   | b. Significant deficiency(ies) identified?            | YES        |
| 3 | Noncompliance material to financial statements noted? | No         |

Federal Awards:

- |   |  |               |
|---|--|---------------|
| 4 | Internal control over major programs   |               |
|   | a. Material weakness(es) identified  | No            |
|   | b. Significant deficiency(ies) identified?   | None reported |
| 5 | Type of auditor's report issued on compliance for major programs                                   | Unmodified    |
| 6 | Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | No            |

- 7 Identification of major programs

CFDA Numbers	Name of Federal Program or Cluster	Type of Opinion Issued
97.039	Hazard Mitigation Grant	Unmodified

- |    |  |           |
|----|--|-----------|
| 8  | Dollar threshold used to distinguish between type A and B programs   | \$750,000 |
| 9  | Auditee qualified as a low-risk auditee?   | No        |
| 10 | Prior fiscal year audit finding(s) and questioned costs relative to federal awards which would require the auditee to prepare a summary schedule of prior fiscal year audit findings in accordance with 2 CFR 200.511(b) ? | No        |

**Section II: Financial Statement Findings**

The results of our tests did not disclose any findings related to the financial statements that are required to be reported under Government Auditing Standards.

**Section III: Federal Award Findings and Questioned Costs**

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

**CITY OF GRENADA, MISSISSIPPI**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED SEPTEMBER 30, 2019**

**Significant Deficiency- Material Weakness**

**Finding No. 2019-1**

**Statement of Condition**

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

**Criteria**

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

**Cause of Condition**

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

**Effect of Condition**

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

**Criteria**

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

**Auditor's Recommendation**

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

**Significant Deficiency- Material Weakness**

**Finding No. 2019-2**

**Statement of Condition**

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

**Cause of Condition**

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

**Effect of Condition**

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

**Criteria**

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

**Auditor's Recommendation**

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



**CITY OF GRENADA, MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED SEPTEMBER 30, 2019**

**Significant Deficiency- Material Weakness**

**Finding 2019-3**

**Statement of Condition**

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

**Cause of Condition**

The personnel are not reconciling and reviewing accounts and reports.

**Effect of Condition**

Account balances and reports are incorrect.

**Criteria**

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

**Auditors Recommendation**

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

**Compliance and Other Matters**

**Finding 2019-4**

**Statement of Condition**

Post-issuance compliance procedures for the 2019 GO Bond require that the bond funds be kept in a separate Bank account. The 2019 GO Bond funds were comingled with other funds

**Cause of Condition**

The City did not follow the 2019 GO Bond post-issuance procedures

**Effect of Condition**

The City is not in compliance with the 2019 GO Bond post-issuance procedures which may make expenditures more difficult to track.

**Criteria**

The City should follow compliance procedures

**Auditors Recommendation**

The City should examine new debt obligations for compliance requirements

**CITY OF GRENADA, MISSISSIPPI  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

2018-1 FINDING NO. 1

Current Status: corrected