

GRENADA COUNTY
AUDITED FINANCIAL STATEMENTS
AND
SPECIAL REPORTS

FOR THE YEAR ENDED SEPTEMBER 30, 2017

GRENADA COUNTY

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GRENADA COUNTY

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Grenada County, Mississippi

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units

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

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units" paragraph, the financial statements referred to above do not present fairly, the financial position of the aggregate discretely presented component unit of Grenada County, Mississippi, as of September 30, 2017, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Grenada County, Mississippi, as of September 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Omission of Required Supplementary Information

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

Supplemental and Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2018, on our consideration of Grenada County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Grenada County, Mississippi's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Grenada County, Mississippi's internal control over financial reporting and compliance.



Windham and Lacey, PLLC
November 15, 2018

GRENADA COUNTY

FINANCIAL STATEMENTS

GRENADA COUNTY
Statement of Net Position
September 30, 2017

Exhibit 1

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
ASSETS	
Cash	\$ 12,682,207
Property tax receivable	8,434,414
Accounts receivable (net of allowance for uncollectibles of \$336,792)	156,274
Fines receivable (net of allowance for uncollectibles of \$584,090)	122,387
Intergovernmental receivables	347,863
Other receivables	55,895
Capital assets:	
Land and construction in progress	1,311,692
Capital assets, net	38,938,303
Total Assets	<u>62,049,035</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	<u>1,125,249</u>
LIABILITIES	
Claims payable	2,650,866
Amounts held in custody for others	112,144
Intergovernmental payables	225,786
Accrued interest payable	6,908
Unearned revenue	7,905
Long-term liabilities	
Due within one year:	
Capital debt	223,796
Non-capital debt	176,869
Due in more than one year:	
Capital debt	366,882
Non-capital debt	2,946,159
Net pension liability	10,792,239
Total Liabilities	<u>17,509,554</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	78,748
Property tax for future reporting period	8,434,414
Total Deferred Inflows of Resources	<u>8,513,162</u>
NET POSITION	
Net investment in capital assets	39,659,317
Restricted:	
Expendable:	
General government	303,742
Debt service	245,609
Public safety	242,244
Public works	818,170
Economic development	5,469,374
Unrestricted	<u>(9,586,888)</u>
Total Net Position	<u>\$ 37,151,568</u>

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

GRENADA COUNTY
Statement of Activities
For the Year Ended September 30, 2017

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
Primary Government:					
Governmental Activities:					
General government	\$ 3,523,864	467,136			(3,056,728)
Public safety	3,980,177	694,953	69,510	1,500	(3,214,214)
Public works	7,923,084	663,889	1,833,002	50,000	(5,376,193)
Health and welfare	170,747		57,486		(113,261)
Culture and recreation	134,000		8,251		(125,749)
Conservation of natural resources	86,295				(86,295)
Economic development and assistance	749,618		107,590		(642,028)
Interest on long-term debt	101,189				(101,189)
Pension expense	1,636,846				(1,636,846)
Total Governmental Activities	\$ 18,305,820	1,825,978	2,075,839	51,500	(14,352,503)
General Revenues:					
Property taxes				\$ 8,960,969	
Road & bridge privilege taxes				267,095	
Grants and contributions not restricted to specific programs				1,787,464	
Unrestricted interest income				74,941	
Miscellaneous				444,259	
Total General Revenues				11,534,728	
Changes in Net Position					(2,817,775)
Net Position - Beginning					39,969,343
Net Position - Ending				\$	37,151,568

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

GRENADA COUNTY
Balance Sheet - Governmental Funds
September 30, 2017

Exhibit 3

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General Fund	Economic Development Fund	EDA Investment Grant Fund		
ASSETS					
Cash	\$ 4,755,307	4,268,399	892,923	2,765,578	12,682,207
Property tax receivable	5,483,525			2,950,889	8,434,414
Accounts receivable (net of allowance for uncollectibles, \$336,792)				156,274	156,274
Fines receivable (net of allowance for uncollectibles, \$584,090)	122,387				122,387
Intergovernmental receivables	187,995			159,868	347,863
Other receivables	49,812	975		5,108	55,895
Due from other funds	4,554	1,050,000		64,339	1,118,893
Advances to other funds	30,700	150,000			180,700
Total Assets	\$ 10,634,280	5,469,374	892,923	6,102,056	23,098,633
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Claims payable	\$ 140,008		940,480	1,570,378	2,650,866
Intergovernmental payables	223,226			2,560	225,786
Unearned revenue				7,905	7,905
Due to other funds	64,339		1,050,000	4,554	1,118,893
Advances from other funds			30,000	150,700	180,700
Amounts held in custody for others	112,144				112,144
Total Liabilities	539,717	0	2,020,480	1,736,097	4,296,294
Deferred Inflows of Resources:					
Unavailable revenue - property taxes	5,483,525			2,950,889	8,434,414
Unavailable revenue - accounts receivable				156,274	156,274
Unavailable revenue - fines	122,387				122,387
Total Deferred Inflows of Resources	5,605,912	0	0	3,107,163	8,713,075
Fund Balances:					
Nonspendable	30,700				30,700
Restricted:					
General government				303,742	303,742
Public safety				242,244	242,244
Public works				661,896	661,896
Debt service				252,517	252,517
Committed:					
Economic development		5,469,374			5,469,374
Unassigned	4,457,951		(1,127,557)	(201,603)	3,128,791
Total Fund Balances	4,488,651	5,469,374	(1,127,557)	1,258,796	10,089,264
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 10,634,280	5,469,374	892,923	6,102,056	23,098,633

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

GRENADA COUNTY

Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
September 30, 2017

Exhibit 3-1

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 10,089,264
Amounts reported for governmental services in the Statement of Net Position (Exhibit 1) are different because:	
Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$57,286,874.	40,249,995
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	278,661
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(3,713,706)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(6,908)
Pension Obligations:	
Pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	
Net pension liability	(10,792,239)
Deferred outflows of resources related to pension obligations are applicable to future periods and, therefore, are not reported in the funds.	
Deferred outflows of resources related to pension obligations	1,125,249
Deferred inflows of resources related to pension obligations	<u>(78,748)</u>
Total Net Position - Governmental Activities	\$ <u><u>37,151,568</u></u>

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

GRENADA COUNTY

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended September 30, 2017

Exhibit 4

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General Fund	Economic Development Fund	EDA Investment Grant Fund		
REVENUES					
Property taxes	\$ 5,880,471			3,080,498	8,960,969
Road and bridge privilege taxes				267,095	267,095
Licenses, commissions and other revenue	249,908			586,870	836,778
Fines and forfeitures	219,817			51,648	271,465
Intergovernmental revenues	1,362,707			2,552,096	3,914,803
Charges for services	518,789			114,351	633,140
Interest income	58,188	8,468		8,285	74,941
Miscellaneous revenues	372,945			57,480	430,425
Total Revenues	<u>8,662,825</u>	<u>8,468</u>	<u>0</u>	<u>6,718,323</u>	<u>15,389,616</u>
EXPENDITURES					
Current:					
General government	3,293,849			459,859	3,753,708
Public safety	3,224,732			694,820	3,919,552
Public works	297,662		1,756,823	5,984,301	8,038,786
Health and welfare	155,750			7,055	162,805
Culture and recreation	134,000				134,000
Conservation of natural resources	90,554				90,554
Economic development and assistance	440,620			117,144	557,764
Debt Service:					
Principal	22,794			370,123	392,917
Interest	1,400			100,209	101,609
Total Expenditures	<u>7,661,361</u>	<u>0</u>	<u>1,756,823</u>	<u>7,733,511</u>	<u>17,151,695</u>
Excess of Revenues over (under) Expenditures	<u>1,001,464</u>	<u>8,468</u>	<u>(1,756,823)</u>	<u>(1,015,188)</u>	<u>(1,762,079)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from long-term debt (capital)				112,409	112,409
Proceeds from long-term debt (noncapital)			660,701		660,701
Proceeds from sale of capital assets				27,240	27,240
Transfers in	2,020			785,652	787,672
Transfers out	(185,652)			(602,020)	(787,672)
Total Other Financing Sources and Uses	<u>(183,632)</u>	<u>0</u>	<u>660,701</u>	<u>323,281</u>	<u>800,350</u>
Net Changes in Fund Balances	<u>817,832</u>	<u>8,468</u>	<u>(1,096,122)</u>	<u>(691,907)</u>	<u>(961,729)</u>
Fund Balance - Beginning, as previously reported	3,663,664	5,460,906	(31,435)	1,957,858	11,050,993
Fund reclassification	7,155			(7,155)	
Fund Balance - Beginning, as restated	<u>3,670,819</u>	<u>5,460,906</u>	<u>(31,435)</u>	<u>1,950,703</u>	<u>11,050,993</u>
Fund Balances - Ending	<u>\$ 4,488,651</u>	<u>5,469,374</u>	<u>(1,127,557)</u>	<u>1,258,796</u>	<u>10,089,264</u>

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

GRENADA COUNTY

Exhibit 4-1

Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2017

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ (961,729)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net assets differs from the change in fund balances by the amount that depreciation of \$1,309,542 exceeded capital outlays of \$794,655 in the current period.	(514,887)
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources and loss from the sale of capital assets decreases financial resources. Thus, the change in net position differs from the change in the fund balances by the amount of gains of \$13,833 and losses of \$24,572 and the proceeds from the sale of \$27,240 in the current period.	(37,979)
Fine revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	4,804
Solid waste revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	79,792
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Thus, the change in net assets differs from the change in fund balances by the amount that debt proceeds of \$773,110 exceeded debt repayments of \$392,917.	(380,193)
Items reported in the Statement of Activities relating to the implementation of GASB 68 are not reported in the governmental funds. These activities include:	
Recognition of pension expense for the current year	(1,636,846)
Recognition of contributions made subsequent to the measurement date	141,372
Recognition of contributions made in the fiscal year prior to the measurement date	487,471
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net assets differs from the change in fund balances by a combination of the following items:	
The amount of decrease in accrued interest payable	<u>420</u>
Change in Net Position of Governmental Activities	<u>\$ (2,817,775)</u>

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

GRENADA COUNTY
Statement of Fiduciary Net Position
September 30, 2017

Exhibit 5

	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
ASSETS		
Cash	\$ 121,965	71,781
Total Assets	<u>121,965</u>	<u>71,781</u>
LIABILITIES		
Other liabilities		60,946
Intergovernmental payables		10,835
Total Liabilities	<u>0</u>	<u>71,781</u>
NET POSITION		
Held in trust for:		
Individuals, organizations and other governments	\$ <u>121,965</u>	<u>0</u>

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

GRENADA COUNTY
Statement of Changes in Fiduciary Net Position
For the Year Ended September 30, 2017

Exhibit 6

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

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

GRENADA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2017

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

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

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

- Grenada Lake Medical Center

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

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

B. Basis of Presentation.

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

Government-wide Financial Statements:

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

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

GRENADA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2017

Fund Financial Statements:

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

C. Measurement Focus and Basis of Accounting.

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

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

The county reports the following major Governmental Funds:

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

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

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

Additionally, the county reports the following fund types:

GOVERNMENTAL FUND TYPES

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

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

GRENADA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2017

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

FIDUCIARY FUND TYPES

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

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

D. Account Classifications.

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

E. Deposits and Investments.

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

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

F. Receivables.

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

G. Interfund Transactions and Balances.

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

GRENADA COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2017

H. Capital Assets.

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

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

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

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

I. Deferred Outflows/Inflows of Resources.

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

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

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

GRENADA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2017

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

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

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

J. Pensions.

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

K. Long-term Liabilities.

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

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

L. Equity Classifications.

Government-wide Financial Statements:

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

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

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

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

GRENADA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2017

Net Position Flow Assumption:

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

Fund Financial Statements:

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

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

Nonspendable fund balance includes amounts that cannot be spent. This includes amounts that are either not in a spendable form (inventories, prepaid amounts, long-term portion of loans/notes receivable, or property held for resale unless the proceeds from the collection of those receivables or from the sale of those properties are restricted, committed or assigned) or amounts that are legally or contractually required to be maintained intact, such as a principal balance of a permanent fund.

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

Committed fund balance includes amounts that can be used only for specific purposes pursuant to constraints imposed by the government through formal action of the highest level of decision-making authority and does not lapse at year-end. This formal action is an order of the Board of Supervisors as approved in the board minutes.

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

Fund Balance Flow Assumption:

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

GRENADA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2017

M. Property Tax Revenues.

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

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

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

N. Intergovernmental Revenues in Governmental Funds.

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

O. Changes in Accounting Standards.

The county implemented the following standards issued by the Governmental Accounting Standards Board (GASB) in the current fiscal year as required: GASB Statement No. 77, *Tax Abatement Disclosures* and GASB Statement No. 82, *Pension Issues - an amendment of GASB Statement No. 67, No. 68 and No. 73*. The provisions of these standards have been incorporated into the financial statements and notes.

(2) Fund Reclassification.

The Jury Fund's beginning fund balance of \$7,155 was reclassified from a Special Revenue Fund to the General Fund.

GRENADA COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2017

(3) Deposits.

The carrying amount of the county's total deposits with financial institutions at September 30, 2017, was \$12,875,953 and the bank balance was \$13,117,510. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation (FDIC).

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

(4) Interfund Transactions and Balances.

The following is a summary of interfund balances at September 30, 2017:

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 4,554
Economic Development	EDA Investment Grant	1,050,000
Other Governmental Funds	General Fund	<u>64,339</u>
Total		<u>\$ 1,118,893</u>

The receivables represent tax revenue collected but not settled until October, 2017, and monies to cover operating cost. All interfund balances are expected to be repaid within one year from the date of the financial transaction.

B. Advances From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	EDA Investment Grant	\$ 30,000
General Fund	Other Governmental Funds	700
Economic Development	Other Governmental Funds	<u>150,000</u>
Total		<u>\$ 180,700</u>

The principal purpose of the advance was to cover operating cost until grant proceeds are received and cover construction cost.

GRENADA COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2017

C. Transfers In/Out:

Transfer In	Transfer Out	Amount
General Fund	Other Governmental Funds	\$ 2,020
Other Governmental Funds	General Fund	185,652
Other Governmental Funds	Other Governmental Funds	600,000
Total		\$ 787,672

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

(5) Intergovernmental receivables at September 30, 2017, consisted of the following:

Description	Amount
Governmental Activities:	
Legislative tag credit	\$ 128,784
Reimbursement for housing prisoners	20,449
Rural business development grant	84,500
Flood control	44,283
Overload taxes	12,962
Timber severance tax	506
Truck & bus privilege tax	169
Drug court	9,634
Petroleum tax	46,336
City of Grenada garbage	240
Total Governmental Activities	\$ 347,863

GRENADA COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2017

(6) Capital Assets.

The following is a summary of capital assets activity for the year ended September 30, 2017:

Governmental Activities:

	Balance Oct. 1, 2016	Additions	Deletions	Adjustments *	Balance Sept. 30, 2017
<u>Non-depreciable capital assets:</u>					
Land	\$ 1,208,033	40,193			1,248,226
Construction in progress	63,466				63,466
Total non-depreciable capital assets	<u>1,271,499</u>	<u>40,193</u>	<u>0</u>	<u>0</u>	<u>1,311,692</u>
<u>Depreciable capital assets:</u>					
Infrastructure	64,404,034	285,000			64,689,034
Buildings	23,044,538				23,044,538
Mobile equipment	6,128,724	291,339	205,872	318,308	6,532,499
Furniture and equipment	813,394		7,800		805,594
Leased property under capital leases	1,327,858	178,123	34,161	(318,308)	1,153,512
Total depreciable capital assets	<u>95,718,548</u>	<u>754,462</u>	<u>247,833</u>	<u>0</u>	<u>96,225,177</u>
<u>Less accumulated depreciation for:</u>					
Infrastructure	40,673,071	462,753			41,135,824
Buildings	9,478,257	388,695			9,866,952
Mobile equipment	4,988,943	207,602	184,386	286,478	5,298,637
Furniture and equipment	430,402	66,814	7,020		490,196
Leased property under capital leases	616,513	183,678	18,448	(286,478)	495,265
Total accumulated depreciation	<u>56,187,186</u>	<u>1,309,542</u>	<u>209,854</u>	<u>0</u>	<u>57,286,874</u>
Total depreciable capital assets, net	<u>39,531,362</u>	<u>(555,080)</u>	<u>37,979</u>	<u>0</u>	<u>38,938,303</u>
Governmental activities capital assets, net	<u>\$ 40,802,861</u>	<u>(514,887)</u>	<u>37,979</u>	<u>0</u>	<u>40,249,995</u>

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

Depreciation expense was charged to the following functions:

	<u>Amount</u>
Governmental Activities:	
General government	\$ 101,140
Public safety	277,261
Public works	731,345
Health and welfare	7,942
Economic development	<u>191,854</u>
Total governmental activities depreciation expense	<u>\$ 1,309,542</u>

GRENADA COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2017

(7) Claims and Judgments.

Risk Financing.

The county finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The county pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2017, to January 1, 2018. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

(8) Operating Leases.

As Lessor:

The county receives income from property it leases under noncancellable operating leases. Total income from such leases was \$38,433 for the year ending September 30, 2017. The future minimum lease receivables for these leases are as follows:

Year Ending September 30:	Amount
2018	\$ 38,433
2019	30,412
Total Minimum Payments Required	\$ 68,845

(9) Capital Leases.

As Lessee:

The county is obligated for the following capital assets acquired through capital leases as of September 30, 2017:

Classes of Property	Governmental Activities
Mobile equipment	\$ 1,153,512
Less: Accumulated depreciation	495,265
Leased Property Under Capital Leases	\$ 658,247

GRENADA COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2017

The following is a schedule by years of the total payments due as of September 30, 2017:

<u>Year Ending September 30:</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2017	\$ 187,742	9,334
2018	162,423	5,671
2019	113,497	2,677
2020	48,880	760
2021	<u>10,593</u>	<u>121</u>
Total	<u>\$ 523,135</u>	<u>18,563</u>

(10) Defined Benefit Pension Plan.

General Information about the Pension Plan.

Plan Description. Grenada County, Mississippi, 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.

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.

GRENADA COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2017

Contributions. At September 30, 2017, PERS members were required to contribute 9% of their annual covered salary, and the county is required to contribute at an actuarially determined rate. The employer's share at September 30, 2017 was 15.75% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The county's contributions (employer share only) to PERS for the years ending September 30, 2017, 2016 and 2015 were \$628,843, \$627,675, and \$590,754, respectively, equal to the required contribution for each year.

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

At September 30, 2017, the county reported a liability of \$10,792,239 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The county's proportion of the net pension liability was based on a projection of the county's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The county's proportionate share used to calculate the September 30, 2017 net pension liability was .064922 percent, which was based on a measurement date of June 30, 2017. This was an increase of .005464 percent from its proportionate share used to calculate the September 30, 2016 net pension liability, which was based on a measurement date of June 30, 2016.

For the year ended September 30, 2017, the county recognized pension expense of \$1,636,846. At September 30, 2017, the county 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	\$ 141,928	78,748
Net difference between projected and actual earnings on pension plan investments	63,938	
Changes of assumptions	203,359	
Changes in the county's proportion and differences between the county's contributions and proportionate share of contributions	574,652	
County contributions subsequent to the measurement date	<u>141,372</u>	
Total	<u>\$ 1,125,249</u>	<u>78,748</u>

GRENADA COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2017

\$141,372 reported as deferred outflows of resources related to pensions resulting from county contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending September 30:	Deferred Outflows of Resources	Deferred Inflows of Resources
2018	\$ 623,090	33,227
2019	459,181	33,227
2020	110,073	12,294
2021	<u>(208,467)</u>	<u> </u>
Total	<u>\$ 983,877</u>	<u>78,748</u>

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

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

Mortality rates were based on the RP-2014 Healthy Annuitant Blue Collar Table Projected with Scale BB to 2022, with male rates set forward one year.

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

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-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.

GRENADA COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2017

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2017, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>		<u>Long-term Expected Real Rate of Return</u>	
U.S. Broad	27.00	%	4.60	%
International Equity	18.00		4.50	
Emerging Markets Equity	4.00		4.75	
Fixed Income	18.00		0.75	
Global	12.00		4.75	
Emerging Debt	2.00		2.25	
Real Assets	10.00		3.50	
Private Equity	8.00		5.10	
Cash	1.00		0.00	
Total	<u>100.00</u>	%		

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

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
County's proportionate share of the net pension liability	\$ <u>14,154,743</u>	<u>10,792,239</u>	<u>8,000,632</u>

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

GRENADA COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2017

(11) Long-term Debt.

Debt outstanding as of September 30, 2017, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
A. General Obligation Bonds:			
Holmes Community College general obligation bonds 2011	\$ 2,345,000	3.10/4.40%	04/2031
Total General Obligation Bonds	<u>\$ 2,345,000</u>		
B. Capital Leases:			
Kubota tractor & boom mower	\$ 62,956	1.98%	12/2021
Tractor & mower	4,428	1.95%	01/2018
Tractor & mower	7,104	2.09%	02/2019
Motor grader	62,927	1.94%	09/2019
2 tractors & cutters	14,662	2.07%	03/2019
Rescue fire truck	64,676	2.01%	08/2020
2 John Deere tractors	38,631	2.11%	08/2020
John Deere tractor	14,106	2.15%	10/2019
John Deere tractor	18,407	2.20%	10/2020
2015 Ford F250	7,881	2.01%	10/2018
Excavator	76,103	2.01%	12/2020
John Deere tractor	37,472	2.51%	09/2022
2016 Ford F750 dump truck	56,891	1.94%	06/2021
2016 Ford F750 dump truck	<u>56,891</u>	1.94%	06/2021
Total Capital Leases	<u>\$ 523,135</u>		
C. Other Loans:			
Freight Rail revolving loan	\$ 778,028	0.00%	09/2032
Grenada Manufacturing CAP loan	<u>67,543</u>	4.65%	08/2019
Total Other Loans	<u>\$ 845,571</u>		

GRENADA COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2017

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

Governmental Activities:

<u>Year Ending September 30:</u>	<u>General Obligation Bonds</u>		<u>Other Loans</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 125,000	82,895	87,923	2,378
2018	130,000	77,895	83,358	678
2019	135,000	72,695	51,869	
2020	145,000	67,565	51,869	
2021	150,000	62,925	259,343	
2022-2026	845,000	239,196	259,343	
2027-2032	<u>815,000</u>	<u>76,817</u>	<u>51,866</u>	
Total	\$ <u>2,345,000</u>	<u>679,988</u>	<u>845,571</u>	<u>3,056</u>

Legal Debt Margin - The amount of debt, excluding specific exempted debt, that can be incurred by the county is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the county, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the county. As of September 30, 2017, the amount of outstanding debt was equal to 0.93% of the latest property assessments.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2017:

	<u>Balance</u>			<u>Balance</u>	<u>Amount due</u>
	<u>Oct. 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Sept. 30, 2017</u>	<u>within</u>
					<u>one year</u>
Governmental Activities:					
General obligation bonds	\$ 2,465,000		120,000	2,345,000	125,000
Capital leases	649,613	112,409	238,887	523,135	187,742
Other loans	<u>218,900</u>	<u>660,701</u>	<u>34,030</u>	<u>845,571</u>	<u>87,923</u>
Total	\$ <u>3,333,513</u>	<u>773,110</u>	<u>392,917</u>	<u>3,713,706</u>	<u>400,665</u>

GRENADA COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2017

(12) Deficit Fund Balances of individual Funds.

The following funds reported deficits in fund balances at September 30, 2017:

Fund	Deficit Amount
EDA Investment Grant Fund	\$ (1,127,557)
Home Grant Fund	(320)
Valley Ricks RIF Grant	(4,554)
Provine USDA Rural Dev. Grant	(5,000)
District 1 Road Fund	(60,382)
District 2 Road Fund	(13,785)
Engineer Fund	(70,198)
District 5 Bridge Fund	(47,364)

(13) Contingencies.

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

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

(14) Effect of Deferred Amounts on Net Position.

The governmental activities' unrestricted net position amount of \$(9,586,887) includes the effect of deferred inflows/outflows on resources related to pensions. A portion of the deferred outflow of resources related to pensions in the amount of \$141,372 resulting from county contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2018. The \$983,877 balance of the deferred outflow of resources related to pensions at September 30, 2017, will be recognized in pension expense over the next 4 years. The \$78,748 balance of the deferred inflow of resources related to pensions at September 30, 2017, will be recognized as a reduction in pension expense over the next 3 years.

(15) Related Organizations.

The Grenada County Board of Supervisors is responsible for appointing a voting majority of the board members of GT&Y Utility District, but the county's accountability for this organization does not exceed beyond making the appointments. The county did not appropriate any funds for the maintenance and support of the district in fiscal year 2017.

GRENADA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2017

The Elizabeth Jones Library is a City/County library which provides library services to the citizens of Grenada County and the City of Grenada. Grenada County appoints all five members to the Library's Board of Trustees but the county's accountability for this organization does not extend beyond making the appointments. The county appropriated \$100,000 for maintenance and support of the library in fiscal year 2017.

(16) Jointly Governed Organizations.

The county participates in the following jointly governed organizations:

Mississippi Regional Housing Authority IV operates in a district composed of the Counties of Carroll, Choctaw, Clay, Grenada, Lowndes, Montgomery, Oktibbeha, Webster and Winston. The Grenada County Board of Supervisors appoints one of the nine members of the board of commissioners. The county did not appropriate for maintenance and support of the authority in fiscal year 2017.

Region Six Mental Health/Mental Retardation Center/Life Help operates in a district composed of the Counties of Attala, Carroll, Grenada, Holmes, Humphreys, Leflore, Montgomery and Sunflower. The Grenada County Board of Supervisors appoints one of the eight members of the board of commissioners. The county appropriated \$35,881 for maintenance and support of the center in fiscal year 2017.

The North Central Planning and Development District operates in a district composed of the Counties of Attala, Carroll, Grenada, Holmes, Leflore, Montgomery and Yalobusha. The Grenada County Board of Supervisors appoints four of the 28 members of the district board of directors. The county appropriated \$44,500 for maintenance and support of the district in fiscal year 2017.

Holmes Community College operates in a district composed of the Counties of Attala, Carroll, Choctaw, Grenada, Holmes, Madison, Montgomery, Webster and Yazoo. The Grenada County Board of Supervisors appoints two of the 22 members of the college's board of trustees. The county levied \$369,964 in taxes for maintenance and support of the college in fiscal year 2017.

(17) Tax Abatements.

For the year beginning October 1, 2016, the Governmental Accounting Standards Board (GASB) implemented Statement 77, *Tax Abatements Disclosures*. This statement requires governmental entities to disclose the reduction in tax revenues resulting from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the government or the citizens of those governments.

The Grenada County Board of Supervisors negotiates property tax abatements on an individual basis. All abatements are for 10 years and are for economic development purposes. The county had tax abatement agreements with 20 entities as of September 30, 2017.

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

Lease contracts, leases or leaseholds

There are three companies that have abatements under this statute.

GRENADA COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2017

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

All allowable property tax levies

All allowable property tax levies, except countywide road fund tax levy

Payments in lieu of taxes

There are 17 companies that have abatements under these statutes.

<u>Category</u>	<u>Amount of Taxes Abated During the Fiscal Year</u>
Additions to furniture, mobile equipment and inventory	\$ 392,827
Leasehold interest construction	\$ 22,838

The companies were not required to comply with any special provisions in order to receive the abatements and the County made no commitments as part of the agreements other than to reduce taxes.

(18) Subsequent Events.

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of Grenada County evaluated the activity of the county through November 15, 2018, and determined that no subsequent events have occurred requiring disclosure in the notes to the financial statements.

GRENADA COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

GRENADA COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 General Fund
 For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 5,563,918	5,879,719	5,879,719	
Licenses, commissions and other revenue	215,025	245,071	245,071	
Fines and forfeitures	207,000	194,470	194,470	
Special assessments	350	567	567	
Intergovernmental revenues	1,107,600	1,053,906	1,053,906	
Charges for services	468,000	533,543	533,543	
Interest income	17,050	57,108	57,108	
Miscellaneous revenues	257,175	379,156	379,156	
Total Revenues	<u>7,836,118</u>	<u>8,343,540</u>	<u>8,343,540</u>	<u>0</u>
EXPENDITURES				
Current:				
General government	4,276,835	3,316,261	3,316,261	
Public safety	3,282,317	3,231,537	3,231,537	
Public works	8,000	11,728	11,728	
Health and welfare	188,711	156,228	156,228	
Culture and recreation	106,000	106,000	106,000	
Education	22,000	22,000	22,000	
Conservation of natural resources	94,503	90,265	90,265	
Economic development and assistance	444,500	438,953	438,953	
Debt Service:				
Principal		22,647	22,647	
Interest		1,547	1,547	
Total Expenditures	<u>8,422,866</u>	<u>7,397,166</u>	<u>7,397,166</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	<u>(586,748)</u>	<u>946,374</u>	<u>946,374</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Other financing sources		14,020	14,020	
Other financing uses	<u>(185,652)</u>	<u>(185,652)</u>	<u>(185,652)</u>	
Total Other Financing Sources and Uses	<u>(185,652)</u>	<u>(171,632)</u>	<u>(171,632)</u>	<u>0</u>
Net Change in Fund Balance	(772,400)	774,742	774,742	0
Fund Balances - Beginning	<u>3,504,085</u>	<u>4,202,774</u>	<u>3,644,914</u>	<u>(557,860)</u>
Fund Balances - Ending	<u>\$ 2,731,685</u>	<u>4,977,516</u>	<u>4,419,656</u>	<u>(557,860)</u>

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

GRENADA COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 Economic Development Fund
 For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Interest income	\$ 1,000	7,573	7,573	
Total Revenues	<u>1,000</u>	<u>7,573</u>	<u>7,573</u>	<u>0</u>
EXPENDITURES				
Current:				
Economic development	3,211,403			
Total Expenditures	<u>3,211,403</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	<u>(3,210,403)</u>	<u>7,573</u>	<u>7,573</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Other financing sources		130,000	130,000	
Other financing uses		(1,050,000)	(1,050,000)	
Total Other Financing Sources and Uses	<u>0</u>	<u>(920,000)</u>	<u>(920,000)</u>	<u>0</u>
Net Change in Fund Balance	(3,210,403)	(912,427)	(912,427)	0
Fund Balances - Beginning	<u>5,210,403</u>	<u>5,180,826</u>	<u>5,180,826</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 2,000,000</u>	<u>4,268,399</u>	<u>4,268,399</u>	<u>0</u>

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

GRENADA COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 EDA Investment Grant Fund
 For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental revenues	\$ 4,706,195	660,701	660,701	
Total Revenues	<u>4,706,195</u>	<u>660,701</u>	<u>660,701</u>	<u>0</u>
EXPENDITURES				
Current:				
Public works	4,706,195	816,343	816,343	
Total Expenditures	<u>4,706,195</u>	<u>816,343</u>	<u>816,343</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>0</u>	<u>(155,642)</u>	<u>(155,642)</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Other financing sources		1,045,500	1,045,500	
Total Other Financing Sources and Uses	<u>0</u>	<u>1,045,500</u>	<u>1,045,500</u>	<u>0</u>
Net Change in Fund Balance	0	889,858	889,858	0
Fund Balances - Beginning	<u>0</u>	<u>3,065</u>	<u>3,065</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 0</u>	<u>892,923</u>	<u>892,923</u>	<u>0</u>

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

GRENADA COUNTY
 Schedule of the County's Contributions
 Last 10 Fiscal Years*
 For the Year Ended September 30, 2017

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

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

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

GRENADA COUNTY
 Schedule of the County's Proportionate Share of the Net Pension Liability
 Last 10 Fiscal Years*
 For the Year Ended September 30, 2017

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

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

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

GRENADA COUNTY

Notes to the Required Supplementary Information
For the Year Ended September 30, 2017

A. Budgetary Information.

Statutory requirements dictate how and when the county's budget is to be prepared. Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the Board of Supervisors of the county, using historical and anticipated fiscal data and proposed budgets submitted by the Sheriff and the Tax Assessor-Collector for his or her respective department, prepares an original budget for each of the Governmental Funds for said fiscal year. The completed budget for the fiscal year includes for each fund every source of revenue, each general item of expenditure, and the unencumbered cash and investment balances. When during the fiscal year it appears to the Board of Supervisors that budgetary estimates will not be met, it may make revisions to the budget.

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

B. Basis of Presentation.

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

C. Budget/GAAP Reconciliation.

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

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

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

	Governmental Fund Types		
	General Fund	Economic Development Fund	EDA Investment Grant Fund
Net Change in Fund Balance - Budget (Cash Basis) Increase (Decrease)	\$ 774,742	(912,427)	889,858
Net adjustments for revenue accruals	307,286	(129,105)	(1,045,500)
Net adjustments for expenditure accruals	<u>(264,195)</u>	<u>1,050,000</u>	<u>(940,480)</u>
Net Change in Fund Balance - GAAP Basis	<u>\$ 817,833</u>	<u>8,468</u>	<u>(1,096,122)</u>

GRENADA COUNTY

Notes to the Required Supplementary Information
For the Year Ended September 30, 2017

Schedule of the County's Proportionate Share of the Net Pension Liability and Schedule of the County's Contributions:

A. Changes in Benefit Provisions.

2016

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

B. Changes of Assumptions.

2015

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

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

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

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

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

2016

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

2017

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

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

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

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

GRENADA COUNTY

SUPPLEMENTAL INFORMATION

GRENADA COUNTY
 Reconciliation of Operating Costs of Solid Waste
 For the Year Ended September 30, 2017

Operating Expenditures, Cash Basis:	<u>Amount</u>
Salaries	\$ 64,207
Expendable Commodities:	
Gasoline and petroleum products	7,590
Repair parts	6,425
Professional services	7,440
Insurance	2,142
Solid waste disposal fee	415,730
Supplies (including equipment under the capitalization thresholds)	<u>6,832</u>
 Solid Waste Cash Basis Operating Expenditures	 510,366
Full Cost Expenses:	
Indirect administrative costs	9,056
Depreciation on equipment	45,400
Net effect of other accrued expenses	<u>33,232</u>
 Solid Waste Full Cost Operating Expenses	 \$ <u><u>598,054</u></u>

GRENADA COUNTY

OTHER INFORMATION

GRENADA COUNTY
Schedule of Surety Bonds for County Officials - UNAUDITED
For the Year Ended September 30, 2017

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

GRENADA COUNTY

SPECIAL REPORTS

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

Members of the Board of Supervisors
Grenada County, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Grenada County, Mississippi, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the county's basic financial statements and have issued our report thereon dated November 15, 2018. Our report includes an adverse opinion on the discretely presented component unit due to the omission of the discretely presented component unit which is required by accounting principles generally accepted in the United States of America to be reported with the financial data of the county's primary government unless the county also issues financial statements for the financial reporting entity that include the financial data for its component unit.

Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the county's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Responses as 2017-1 to be a material weakness.

Compliance and Other Matters

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

However, we noted certain matters that we reported to the management of Grenada County, Mississippi, in the Independent Accountant's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules (Required by Section 31-7-115, Miss. Code Ann. (1972)), dated November 15, 2018, included within this document. Grenada County's responses to these findings identified are described as part of this report.

County's Response to Findings

Grenada County, Mississippi's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses and other reports. Grenada County, Mississippi's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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



Windham and Lacey, PLLC
November 15, 2018

Windham and Lacey, PLLC

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American Institute of CPAs
Mississippi Society of CPAs

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

Members of the Board of Supervisors
Grenada County, Mississippi

We have examined Grenada County, Mississippi's compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972), and compliance with the purchasing requirements in accordance with the bid requirements of Sections 31-7-13, Miss. Code Ann. (1972), during the year ended September 30, 2017. The Board of Supervisors of Grenada County, Mississippi, is responsible for the county's compliance with those requirements. Our responsibility is to express an opinion on the county's compliance based on our examination.

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

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

The results of our audit procedures disclosed certain instances of noncompliance with the aforementioned code sections. These instances of noncompliance were considered in forming our opinion on compliance. Our findings and recommendations and your responses are disclosed below:

1. Sole Source Purchase.

<u>Repeat Finding</u>	No
<u>Criteria</u>	Section 31-7-13, Miss. Code Ann. (1972), sets bid requirements for purchases made by the county as well as certain exceptions to those requirements. One of those exceptions is the single (sole) source exception where the items are available from one source. A certification of the conditions and circumstances requiring the purchase should be noted on the minutes of the Board of Supervisors.
<u>Condition</u>	See the Schedule of Purchases Made Noncompetitively From a Sole Source. Ammunition was purchased as a “sole source” from one vendor even though such ammunition is available from other vendors. Additionally, the certification of the conditions and circumstances requiring the purchase were not noted in the minutes of the Board of Supervisors.
<u>Cause</u>	It appears that the county did not fully understand the definition of a single source purchase or the procedures required to document such a purchase.
<u>Effect</u>	Because the ammunition was not competitively bid, the cost may have been more than available from other vendors.
<u>Recommendation</u>	The county should develop guidelines, in accordance with State statutes, for the Purchase Clerk to follow to properly identify single source purchases. Additionally, the Clerk of the Board should take steps to insure that such purchases are properly noted in the minutes of the Board of Supervisors.

Views of Responsible Official

Guidelines will be developed for the Purchase Clerk to follow to properly identify single source purchases. These guidelines will be noted in the minutes of the Board of Supervisors.

2. Invoice Splitting.

<u>Repeat Finding</u>	No
<u>Criteria</u>	Section 31-7-13(o), Miss. Code Ann. (1972), prohibits the splitting of invoices “so as to appear to be authorized as purchases for which competitive bids are not required”.
<u>Condition</u>	As noted in the Schedule of Purchases Made Noncompetitively From a Sole Source, two purchases were made from the same vendor, on the same day, for similar items so that the total amount would be above the authorized amount of \$5,000 which requires two competitive bids.
<u>Cause</u>	It appears that the county does not have internal controls in place to prevent such splitting.
<u>Effect</u>	Purchases may have been made illegally.

Recommendation The county should develop guidelines, in accordance with State statutes, for the Purchase Clerk to follow to prevent splitting of invoices for the purpose of avoiding required bids and quotes.

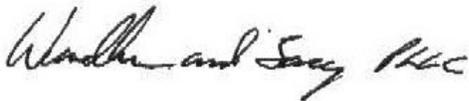
Views of Responsible Official

Internal controls will be developed to prevent such splitting of invoices. These controls will be spread upon the minutes of the Board of Supervisors.

In our opinion, except for the instances of noncompliance referred to in the preceding paragraph, Grenada County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2017.

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

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



Windham and Lacey, PLLC
November 15, 2018

GRENADA COUNTY
Schedule of Purchases Not Made From the Lowest Bidder
For the Year Ended September 30, 2017

Schedule 1

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

GRENADA COUNTY
Schedule of Emergency Purchases
For the Year Ended September 30, 2017

Schedule 2

Our test results did not identify any emergency purchases.

GRENADA COUNTY
 Schedule of Purchases Made Noncompetitively from a Sole Source
 For the Year Ended September 30, 2017

Schedule 3

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>
11/17/2016	Ammunition	\$ 3,464.95	Precision Delta Corporation
11/17/2016	Ammunition	\$ 3,332.00	Precision Delta Corporation

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LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

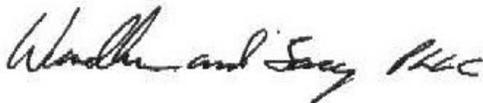
Members of the Board of Supervisors
Grenada County, Mississippi

In planning and performing our audit of the financial statements of Grenada County, Mississippi for the year ended September 30, 2017, we considered Grenada County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Grenada County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the county's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated November 15, 2018, on the financial statements of Grenada County, Mississippi.

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

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



Windham and Lacey, PLLC
November 15, 2018

GRENADA COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

GRENADA COUNTY

Schedule of Findings and Responses
For the Year Ended September 30, 2017

Section 1: Summary of Auditor's Results

Financial Statements:

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

Section 2: Financial Statement Findings

Significant Deficiency - Material Weakness

2017-1. Finding

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

Recommendation

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

Response

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