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GRENADA COUNTY
AUDITED FINANCIAL STATEMENTS
AND
SPECIAL REPORTS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

GRENADA COUNTY

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GRENADA COUNTY

FINANCIAL SECTION

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American Institute of CPAs
Mississippi Society of CPAs

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, the major funds and the aggregate remaining fund information of Grenada County, Mississippi, as of and for the year ended September 30, 2014, 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2014, 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, 2014, 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 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. 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 taken 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 August 15, 2015, 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 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
August 15, 2015

GRENADA COUNTY

FINANCIAL STATEMENTS

GRENADA COUNTY
Statement of Net Position
September 30, 2014

Exhibit 1

	Primary Government
	<u>Governmental Activities</u>
ASSETS	
Cash	\$ 21,389,799
Property tax receivable	7,818,979
Accounts receivable (net of allowance for uncollectibles of \$227,569)	87,652
Fines receivable (net of allowance for uncollectibles of \$518,100)	91,087
Loans receivable	46,360
Intergovernmental receivables	437,412
Other receivables	45,061
Capital assets:	
Land and construction in progress	1,271,499
Capital assets, net	40,409,603
Total Assets	<u>71,597,452</u>
LIABILITIES	
Claims payable	2,738,173
Amounts held in custody for others	152,588
Intergovernmental payables	176,865
Accrued interest payable	22,015
Long-term liabilities	
Due within one year:	
Capital debt	1,245,865
Non-capital debt	156,360
Due in more than one year:	
Capital debt	3,046,909
Non-capital debt	2,580,000
Total Liabilities	<u>10,118,775</u>
DERERRED INFLOWS OF RESOURCES	
Property tax for future reporting period	7,818,979
Total Deferred Inflows of Resources	<u>7,818,979</u>
NET POSITION	
Net investment in capital assets	37,388,328
Restricted:	
Expendable:	
General government	199,535
Debt service	1,008,683
Public safety	286,329
Public works	3,836,845
Economic development	9,045,857
Unrestricted	1,894,121
Total Net Position	<u>\$ 53,659,698</u>

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

GRENADA COUNTY
Balance Sheet - Governmental Funds
September 30, 2014

Exhibit 3

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General Fund	Economic Development Fund	Countywide Construction Fund		
ASSETS					
Cash	\$ 4,678,245	8,999,497	4,785,663	2,926,394	21,389,799
Property tax receivable	4,671,867			3,147,112	7,818,979
Accounts receivable (net of allowance for uncollectibles, \$227,569)				87,652	87,652
Fines receivable (net of allowance for uncollectibles, \$518,100)	91,087				91,087
Loans receivable				46,360	46,360
Intergovernmental receivables	357,735			79,677	437,412
Other receivables	40,710			4,351	45,061
Due from other funds	37,200			60,895	98,095
Advances to other funds	10,400				10,400
Total Assets	\$ 9,887,244	8,999,497	4,785,663	6,352,441	30,024,845
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Claims payable	\$ 198,088		2,343,637	196,448	2,738,173
Intergovernmental payables	174,535			2,330	176,865
Due to other funds	59,685			38,410	98,095
Advances from other funds				10,400	10,400
Amounts held in custody for others	152,588				152,588
Total Liabilities	584,896	0	2,343,637	247,588	3,176,121
Deferred Inflows of Resources:					
Unavailable revenue - property taxes	4,671,867			3,147,112	7,818,979
Unavailable revenue - accounts receivable				87,652	87,652
Unavailable revenue - fines	91,087				91,087
Total Deferred Inflows of Resources	4,762,954	0	0	3,234,764	7,997,718
Fund Balances:					
Nonspendable	10,400				10,400
Restricted:					
General government				176,701	176,701
Public safety				243,082	243,082
Public works				1,307,167	1,307,167
Economic development				46,360	46,360
Debt service				1,030,698	1,030,698
Committed:					
General government				22,834	22,834
Public safety				43,247	43,247
Public works			2,442,026		2,442,026
Economic development		8,999,497			8,999,497
Unassigned	4,528,994				4,528,994
Total Fund Balances	4,539,394	8,999,497	2,442,026	2,870,089	18,851,006
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 9,887,244	8,999,497	4,785,663	6,352,441	30,024,845

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, 2014

Exhibit 3-1

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 18,851,006
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 \$54,043,686.	41,681,102
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	178,739
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(7,029,134)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	<u>(22,015)</u>
Total Net Position - Governmental Activities	<u>\$ 53,659,698</u>

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

GRENADA COUNTY

Exhibit 4

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended September 30, 2014

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General Fund	Economic Development Fund	Countywide Construction Fund		
REVENUES					
Property taxes	\$ 4,857,813			3,249,907	8,107,720
Road and bridge privilege taxes				259,850	259,850
Licenses, commissions and other revenue	229,584			29,674	259,258
Fines and forfeitures	255,752			3,682	259,434
Intergovernmental revenues	1,514,021			1,966,150	3,480,171
Charges for services	889,996			674,843	1,564,839
Interest income	42,013	247		4,345	46,605
Miscellaneous revenues	172,074			737,952	910,026
Total Revenues	<u>7,961,253</u>	<u>247</u>	<u>0</u>	<u>6,926,403</u>	<u>14,887,903</u>
EXPENDITURES					
Current:					
General government	3,290,915			452,611	3,743,526
Public safety	3,268,646			687,206	3,955,852
Public works	295,522		2,557,974	4,060,432	6,913,928
Health and welfare	153,346				153,346
Culture and recreation	113,509				113,509
Conservation of natural resources	75,473				75,473
Economic development and assistance	417,516	750		751,268	1,169,534
Debt Service:					
Principal	10,000			1,354,848	1,364,848
Interest				296,427	296,427
Total Expenditures	<u>7,624,927</u>	<u>750</u>	<u>2,557,974</u>	<u>7,602,792</u>	<u>17,786,443</u>
Excess of Revenues over (under) Expenditures	<u>336,326</u>	<u>(503)</u>	<u>(2,557,974)</u>	<u>(676,389)</u>	<u>(2,898,540)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from long-term debt (capital)	27,893			245,116	273,009
Proceeds from sale of capital assets				10,810	10,810
Transfers in	1,387	9,000,000	5,000,000	599,168	14,600,555
Transfers out	(14,239,168)			(361,387)	(14,600,555)
Special item-Note 18	14,537,798				14,537,798
Total Other Financing Sources and Uses	<u>327,910</u>	<u>9,000,000</u>	<u>5,000,000</u>	<u>493,707</u>	<u>14,821,617</u>
Net Changes in Fund Balances	664,236	8,999,497	2,442,026	(182,682)	11,923,077
Fund Balance - Beginning	<u>3,875,158</u>	<u>0</u>	<u>0</u>	<u>3,052,771</u>	<u>6,927,929</u>
Fund Balances - Ending	<u>\$ 4,539,394</u>	<u>8,999,497</u>	<u>2,442,026</u>	<u>2,870,089</u>	<u>18,851,006</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, 2014

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ 11,923,077
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 position differs from the change in fund balances by the amount that depreciation of \$1,205,610 exceeded capital outlays of \$973,890 in the current period.	(231,720)
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 the gain of \$6,458 and losses of \$26,225 and the proceeds from the sale of \$10,810 in the current period.	(30,577)
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.	(2,642)
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.	4,460
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 position differs from the change in fund balances by the amount that debt repayments of \$1,364,848 exceeded debt proceeds of \$273,009.	1,091,839
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 position differs from the change in fund balances by a combination of the following items:	
The amount of decrease in accrued interest payable	9,698
The amortization of bond premium	<u>4,552</u>
Change in Net Position of Governmental Activities	\$ <u>12,768,687</u>

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

GRENADA COUNTY
Statement of Fiduciary Net Position
September 30, 2014

Exhibit 5

	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
ASSETS		
Cash	\$ <u>121,965</u>	<u>55,818</u>
Total Assets	\$ <u><u>121,965</u></u>	<u><u>55,818</u></u>
LIABILITIES		
Other liabilities	\$	42,225
Intergovernmental payables	<u> </u>	<u>13,593</u>
Total Liabilities	\$ <u><u>0</u></u>	<u><u>55,818</u></u>
NET POSITION		
Held in trust for:		
Individuals, organizations and other governments	\$ <u><u>121,965</u></u>	<u><u>0</u></u>

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

GRENADA COUNTY
Statement of Changes in Fiduciary Net Assets
For the Year Ended September 30, 2014

Exhibit 6

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

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

GRENADA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2014

(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 units which have significant operational or financial relationships with the county (See Note 18). Accordingly, the financial statements do not include the data of all of the county's component units 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.

GRENADA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2014

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 or the goods or services offered by the program, 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.

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, liabilities, fund equity, 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.

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.

GRENADA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2014

The county reports the following major Governmental Funds:

General Fund - This fund is used to account for all activities of the general government for which a separate fund has not been established.

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

Countywide Construction Fund - This fund is used to account for road maintenance and construction expenditures of the one-time monies received from Grenada Lake Medical Center.

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 expenditures for principal and interest.

Capital Projects Funds - These funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures 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.

GRENADA COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2014

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 fund balance reserve account in applicable Governmental Funds to indicate that they are not available for appropriation and are not expendable available financial resources. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

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.

GRENADA COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2014

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

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

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

I. Deferred Outflows/Inflows of Resources.

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

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

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 received 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.

Unavailable revenue - accounts receivable - 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.

GRENADA COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2014

J. 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. Bond premiums and discounts, are deferred and amortized over the life of the bonds using the straight-line method.

K. 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."

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 loan/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.

GRENADA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2014

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

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

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

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.

L. 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.

M. 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.

GRENADA COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2014

N. Change 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 65, *Items Previously Reported as Assets and Liabilities*; GASB Statement 66, *Technical Corrections - 2012 - an amendment of GASB Statement No. 10 and No. 62*. The provisions of these standards have been incorporated into the financial statements and notes.

(2) Accounting Change.

GASB Statement 65 requires debt issuance cost, except any portion related to prepaid insurance costs, be recognized as an expense in the period incurred. Prior to GASB Statement 65, debt issuance cost was amortized over the life of the bond.

A summary of significant fund equity adjustments is as follows:

Exhibit 2 - Statement of Activities

<u>Explanation</u>	<u>Amount</u>
To expense unamortized balance of debt issuance cost	\$ <u>(161,773)</u>

(3) Prior Period Adjustment.

A summary of significant fund equity adjustment is as follows:

Exhibit 2 - Statement of Activities

<u>Explanation</u>	<u>Amount</u>
To correct errors in capital assets	\$ 15,358
To correct errors in long-term debt	<u>5,086</u>
Total prior period adjustments	\$ <u>20,444</u>

(4) Deposits.

The carrying amount of the county's total deposits with financial institutions at September 30, 2014, was \$21,567,582, and the bank balance was \$22,044,934. 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).

GRENADA COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2014

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. However, the Mississippi State Treasurer manages that risk on behalf of the county. 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.

(5) Interfund Transactions and Balances.

The following is a summary of interfund balances at September 30, 2014:

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 37,200
Other Governmental Funds	General	59,685
Other Governmental Funds	Other Governmental Funds	<u>1,210</u>
Total		<u>\$ 98,095</u>

The receivables represents tax revenue collected but not settled until October, 2014, and monies paid to various funds to alleviate funding shortages. All interfund balances are expected to be repaid within one year from the date of the financial statements.

B. Advances From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Other Governmental Funds	<u>\$ 10,400</u>

The amount payable from the Other Governmental Funds to the General Fund represents funds needed to meet obligations timely.

GRENADA COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2014

C. Transfers In/Out:

Transfer In	Transfer Out	Amount
General Fund	Other Governmental Funds	\$ 1,387
Economic Development Fund	General Fund	9,000,000
Countywide Construction Fund	General Fund	5,000,000
Other Governmental Funds	General Fund	239,168
Other Governmental Funds	Other Governmental Funds	360,000
Total		\$ 14,600,555

The principal purpose of the interfund transfers was to provide funds for county operations, to provide grant matching funds or to cover cash shortfalls. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

(6) Intergovernmental Receivables.

Intergovernmental receivables at September 30, 2014, consisted of the following:

Description	Amount
Governmental Activities:	
Legislative tag credit	\$ 109,922
Reimbursement for housing state prisoners	197,200
Reimbursement for welfare	18,846
Overload taxes	9,792
Timber severance tax	557
Truck & bus privilege tax	12,265
Youth court reimbursement	11,300
Petroleum tax	18,472
Flood control	11,740
RBEG grant	37,200
Victim assistance	10,118
Total Governmental Activities	\$ 437,412

(7) Loans Receivable.

Loans receivable balances at September 30, 2014, are as follows:

Description	Date of Loan	Interest Rate	Maturity Date	Balance Payable
Grenada Manufacturing	08/02/2003	3%	08/01/2015	\$ 46,360

GRENADA COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2014

(8) Capital Assets.

The following is a summary of capital assets activity for the year ended September 30, 2014:

Governmental Activities:

	Balance Oct. 1, 2013	Additions	Deletions	Adjustments *	Balance Sept. 30, 2014
<u>Non-depreciable capital assets:</u>					
Land	\$ 1,208,033				1,208,033
Construction in progress	150,899	93,822		(181,255)	63,466
Total non-depreciable capital assets	<u>1,358,932</u>	<u>93,822</u>	<u>0</u>	<u>(181,255)</u>	<u>1,271,499</u>
<u>Depreciable capital assets:</u>					
Infrastructure	63,711,274	288,600		17,160	64,017,034
Buildings	22,863,283			181,255	23,044,538
Mobile equipment	5,679,092	195,365	119,829	202,355	5,956,983
Furniture and equipment	667,555	74,906	77,855		664,606
Leased property under capital leases	651,286	321,197		(202,355)	770,128
Total depreciable capital assets	<u>93,572,490</u>	<u>880,068</u>	<u>197,684</u>	<u>198,415</u>	<u>94,453,289</u>
<u>Less accumulated depreciation for:</u>					
Infrastructure	39,340,027	439,232		1,802	39,781,061
Buildings	8,312,172	388,695			8,700,867
Mobile equipment	4,755,890	201,008	112,096	89,185	4,933,987
Furniture and equipment	368,007	57,536	55,011		370,532
Leased property under capital leases	227,285	119,139		(89,185)	257,239
Total accumulated depreciation	<u>53,003,381</u>	<u>1,205,610</u>	<u>167,107</u>	<u>1,802</u>	<u>54,043,686</u>
Total depreciable capital assets, net	<u>40,569,109</u>	<u>(325,542)</u>	<u>30,577</u>	<u>196,613</u>	<u>40,409,603</u>
Governmental activities capital assets, net	<u>\$ 41,928,041</u>	<u>(231,720)</u>	<u>30,577</u>	<u>15,358</u>	<u>41,681,102</u>

* Adjustments are to correct prior period errors, to reclassify completed construction in progress to their proper classification and to transfer paid out capital leases to their proper classification.

GRENADA COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2014

Depreciation expense was charged to the following functions:

	<u>Amount</u>
Governmental Activities:	
General government	\$ 118,373
Public safety	251,659
Public works	635,783
Health and welfare	7,942
Economic development	<u>191,853</u>
Total governmental activities depreciation expense	<u>\$ 1,205,610</u>

(9) 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, 2014, to January 1, 2015. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

(10) Operating Leases.

As Lessor:

The county receives income from property it leases under noncancellable operating leases. Total income from such leases was \$683,005 for the year ended September 30, 2014. The future minimum lease payments for these leases are as follows:

<u>Year Ended September 30</u>	<u>Amount</u>
2015	\$ 688,851
2016	148,287
2017	38,433
2018	38,433
2019	<u>35,397</u>
Total Minimum Payments Required	<u>\$ 949,401</u>

GRENADA COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2014

(11) Capital Leases.

As Lessee:

The county is obligated for the following capital assets acquired through capital leases as of September 30, 2014:

Classes of Property	Governmental Activities
Mobile equipment	\$ 770,128
Less: Accumulated depreciation	257,239
Leased Property Under Capital Leases	\$ 512,889

The following is a schedule by years of the total payments due as of September 30, 2014:

Year Ending September 30	Governmental Activities	
	Principal	Interest
2015	\$ 134,959	8,688
2016	142,370	6,640
2017	125,497	3,337
2018	57,959	1,418
2019	42,386	411
Total	\$ 503,171	20,494

(12) Long-term Debt.

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
A. General Obligation Bonds:			
Jail refunding bonds 2011	\$ 750,000	2.00%	04/16
Holmes Community College general obligation bonds 2011	2,690,000	3.10/4.40%	04/31
Heatcraft refunding bonds 2004	1,215,000	3.36/5.46%	12/15
Grenada County public improvement bonds 2005	1,655,000	3.75/5.00%	04/25
Total General Obligation Bonds	\$ 6,310,000		

GRENADA COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2014

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
B. Capital Leases:			
2012 Ford F750 dump truck	\$ 39,970	2.01%	08/17
2012 Ford F750 dump truck	39,970	2.01%	08/17
2012 Ford F750 dump truck	39,970	2.01%	08/17
John Deere tractor	9,857	2.44%	08/17
Kubota tractor & boom mower	52,783	1.75%	08/17
Tractor & mower	43,276	1.95%	01/18
John Deere tractor	29,649	1.79%	04/18
2013 Ford F150	17,893	6.43%	05/16
Tractor & mower	22,389	2.09%	02/19
Motor grader	161,205	1.94%	09/19
2 tractors & cutters	<u>46,209</u>	2.07%	03/19
Total Capital Leases	<u>\$ 503,171</u>		
C. Other Loans:			
Grenada Manufacturing CAP loan	\$ 162,396	4.65%	08/19
Grenada Manufacturing CDBG loan	<u>46,360</u>	3.00%	08/15
Total Other Loans	<u>\$ 208,756</u>		

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

Governmental Activities:

Year Ending September 30	General Obligation Bonds		Other Loans	
	Principal	Interest	Principal	Interest
2015	\$ 1,190,000	230,390	77,266	7,911
2016	1,245,000	180,568	32,861	5,571
2017	250,000	146,096	34,421	4,012
2018	260,000	136,019	36,054	2,378
2019	270,000	125,754	28,154	678
2020 - 2024	1,565,000	462,160		
2025 - 2029	1,105,000	188,681		
2030 - 2034	<u>425,000</u>	<u>23,680</u>		
Total	<u>\$ 6,310,000</u>	<u>1,493,348</u>	<u>208,756</u>	<u>20,550</u>

GRENADA COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2014

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, 2014, the amount of outstanding debt was equal to 3.01% of the latest property assessments.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2014:

	Balance Oct. 1, 2013	Additions	Reductions	Adjustments *	Balance Sept. 30, 2014	Amount due within one year
Governmental Activities:						
General obligation						
bonds	\$ 7,435,000		1,125,000		6,310,000	1,190,000
Premium	11,759		4,552		7,207	
Capital leases	379,536	273,009	149,374		503,171	134,959
Other loans	304,316		90,474	(5,086)	208,756	77,266
Total	\$ 8,130,611	273,009	1,369,400	(5,086)	7,029,134	1,402,225

* Adjustment is to correct prior period error in long-term liabilities.

(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) No Commitment Debt (Not Included in Financial Statements).

No commitment debt is repaid only by the entities for whom the debt was issued and includes debt that either bears the county's name or for which a moral responsibility may exist that is not an enforceable promise to pay. No commitment debt explicitly states the absence of obligation by the county other than possibly an agreement to assist creditors in exercising their rights in the event of default. Because a default may adversely affect the county's own ability to borrow, the principal amount of such debt outstanding at year-end is disclosed as follows:

Description	Balance at Sept. 30, 2014
Industrial revenue bonds	\$ 1,000,000

GRENADA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2014

(15) Joint Venture.

The county participates in the following joint venture:

Grenada County entered into an interlocal agreement with Claiborne, Holmes, Humphreys and Leflore Counties and the Cities of Itta Bena, Greenwood and Grenada to provide a multi-jurisdictional drug enforcement task force known as North Central Narcotics Task Force. Most of the funding is provided by a federal grant, with the local entities contributing a minimum of 25 percent. Grenada County contributed \$0 to the task force in fiscal year 2014.

(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 2014.

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 2014.

The North Central Planning and Development District operates in a district composed of the Counties of Attala, Carroll, Grenada, Holmes, Leflore, Montgomery and Yazoo. The Grenada County Board of Supervisors appoints four of the 28 members of the district board of directors. The county appropriated \$43,000 for maintenance and support of the district in fiscal year 2014.

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 \$349,695 in taxes for maintenance and support of the college in fiscal year 2014.

(17) Defined Benefit 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. Benefit provisions are established by state law 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.

GRENADA COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2014

Funding Policy. PERS members are required to contribute 9% of their annual covered salary, and the county is required to contribute at an actuarially determined rate. The rate at September 30, 2014 was 15.75% of annual covered payroll. The contribution requirements of PERS members 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, 2014, 2013 and 2012 were \$587,655, \$535,851 and \$476,906, respectively, equal to the required contributions for each year.

(18) Special Item.

The county received a one-time payment from Grenada Lake Medical Center in the amount of \$14,537,798. This payment was paid out of prior year retained profits of the Grenada Lake Medical Center. Grenada Lake Medical Center discontinued operations during 2014. On September 1, 2014, Grenada County, Grenada Lake Medical Center and the University of Mississippi Medical Center (UMMC) entered into a lease agreement whereby UMMC leased the facilities of Grenada Lake Medical Center. The lease is for a 20-year initial term. The Grenada County will derive no economic benefit or burden as a result of this agreement.

(19) 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. The management of Grenada County evaluated the activity of the county through August 15, 2015, the date the financial statements were available to be issued, and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements:

Issue Date	Interest Rate	Issue Amount	Type of Financing	Source of Financing
10/9/2014	2.01%	\$ 30,595	Lease purchase	Ad valorem taxes
10/9/2014	2.15%	\$ 34,162	Lease purchase	Ad valorem taxes
5/21/2015	2.01%	\$ 115,000	Lease purchase	Ad valorem taxes
6/12/2015	2.11%	\$ 68,615	Lease purchase	Ad valorem taxes

GRENADA COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

GRENADA COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 General Fund
 For the Year Ended September 30, 2014

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 4,617,680	4,631,442	4,854,905	223,463
Licenses, commissions and other revenue	203,650	203,650	228,715	25,065
Fines and forfeitures	270,000	270,000	249,383	(20,617)
Special assessments	1,000	1,000	365	(635)
Intergovernmental revenues	1,088,500	1,088,500	1,209,172	120,672
Charges for services	982,000	982,000	834,896	(147,104)
Interest income	55,300	55,300	41,623	(13,677)
Miscellaneous revenues	658,838	658,838	225,940	(432,898)
Total Revenues	<u>7,876,968</u>	<u>7,890,730</u>	<u>7,644,999</u>	<u>(245,731)</u>
EXPENDITURES				
Current:				
General government	4,477,613	4,399,996	3,391,920	1,008,076
Public safety	3,565,211	3,641,235	3,365,939	275,296
Public works	8,000	8,000	6,922	1,078
Health and welfare	181,211	181,211	159,323	21,888
Culture and recreation	90,000	90,000	111,500	(21,500)
Education	21,500	21,500		21,500
Conservation of natural resources	80,904	82,497	76,979	5,518
Economic development and assistance	520,500	520,500	417,516	102,984
Total Expenditures	<u>8,944,939</u>	<u>8,944,939</u>	<u>7,530,099</u>	<u>1,414,840</u>
Excess of Revenues over (under) Expenditures	<u>(1,067,971)</u>	<u>(1,054,209)</u>	<u>114,900</u>	<u>1,169,109</u>
OTHER FINANCING SOURCES (USES)				
Other financing sources			14,539,185	14,539,185
Other financing uses	(170,000)	(170,000)	(14,239,168)	(14,069,168)
Total Other Financing Sources and Uses	<u>(170,000)</u>	<u>(170,000)</u>	<u>300,017</u>	<u>470,017</u>
Net Change in Fund Balance	(1,237,971)	(1,224,209)	414,917	1,639,126
Fund Balances - Beginning	3,970,251	3,970,251	3,986,048	15,797
Fund Balances - Ending	<u>\$ 2,732,280</u>	<u>2,746,042</u>	<u>4,400,965</u>	<u>1,654,923</u>

The accompanying 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, 2014

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Interest income	\$		247	247
Total Revenues	<u>0</u>	<u>0</u>	<u>247</u>	<u>247</u>
EXPENDITURES				
Current:				
Economic development and assistance			750	(750)
Total Expenditures	<u>0</u>	<u>0</u>	<u>750</u>	<u>(750)</u>
Excess of Revenues over (under) Expenditures	<u>0</u>	<u>0</u>	<u>(503)</u>	<u>(503)</u>
OTHER FINANCING SOURCES (USES)				
Other financing sources			9,000,000	9,000,000
Total Other Financing Sources and Uses	<u>0</u>	<u>0</u>	<u>9,000,000</u>	<u>9,000,000</u>
Net Change in Fund Balance	0	0	8,999,497	8,999,497
Fund Balances - Beginning	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 0</u>	<u>0</u>	<u>8,999,497</u>	<u>8,999,497</u>

The accompanying 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, 2014

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:

	Governmental Fund Type	
	General Fund	Economic Development Fund
Budget (Cash Basis)	\$ 414,917	8,999,497
Increase (Decrease):		
Net adjustments for revenue accruals	344,147	
Net adjustments for expenditure accruals	(94,828)	
GAAP Basis	\$ 664,236	8,999,497

GRENADA COUNTY

SUPPLEMENTAL INFORMATION

GRENADA COUNTY
 Reconciliation of Operating Costs of Solid Waste
 For the Year Ended September 30, 2014

Operating Expenditures, Cash Basis:

Personal	\$ 53,635
Expendable Commodities:	
Gasoline and petroleum products	7,530
Repair parts	25,845
Professional services	1,810
Insurance	3,432
Solid waste disposal fee	419,668
Supplies (including equipment under cap thresholds)	<u>10,427</u>
Solid Waste Cash Basis Operating Expenditures	522,347
Full Cost Expenses:	
Indirect administrative costs	8,877
Depreciation on equipment	0
Net effect of other accrued expenses	<u>39,414</u>
Solid Waste Full Cost Operating Expenses	<u>\$ 570,638</u>

GRENADA COUNTY

OTHER INFORMATION

GRENADA COUNTY
Schedule of Surety Bonds for County Officials-UNAUDITED
For the Year Ended September 30, 2014

Name	Position	Company	Bond
Michael Lott	Supervisor District 1	Brierfield	\$100,000
Timothy C. Bridges	Supervisor District 2	Brierfield	\$100,000
Christopher Columbus Hankins	Supervisor District 3	Brierfield	\$100,000
Darrell Robinson	Supervisor District 4	Brierfield	\$100,000
Chad Gray	Supervisor District 5	Brierfield	\$100,000
Johnny Hayward	Chancery Clerk	Brierfield	\$100,000
Nancy Ratliff	Purchase Clerk	Brierfield	\$75,000
Vicky J. Conley	Assistant Purchase Clerk	Brierfield	\$50,000
Edna M. Lindsey	Receiving Clerk	Brierfield	\$75,000
Angela Mullen	Inventory Control Clerk	Brierfield	\$75,000
Alexander Farmer	Constable	Brierfield	\$50,000
Jimmy Malone	Constable	Brierfield	\$50,000
Linda Barnette	Circuit Clerk	Brierfield	\$100,000
Tabitha N. Jones	Deputy Circuit Clerk	Brierfield	\$100,000
Lynda Pinnix	Deputy Circuit Clerk	Brierfield	\$100,000
Michele Ridditt	Deputy Circuit Clerk	Brierfield	\$100,000
Lezley LaFuxe Todd	Deputy Circuit Clerk	RLI Insurance Co.	\$50,000
Jessie Alton Strider, Jr.	Sheriff	Brierfield	\$100,000
Leon Williamson	Justice Court Judge	Brierfield	\$50,000
Jimmy Talent	Justice Court Judge	Brierfield	\$50,000
Brenda Mullen	Justice Court Clerk	Brierfield	\$50,000
Lou Alice Hicks	Deputy Justice Court Clerk	Brierfield	\$50,000
Earvonnie Echols	Deputy Justice Court Clerk	RLI Insurance Co.	\$50,000
Lucille Shipp	Deputy Justice Court Clerk	Brierfield	\$50,000
Charles David Melton	Tax Collector/Assessor	Brierfield	\$100,000
Vicky Conley	Deputy Tax Assessor	Brierfield	\$50,000
Leigh Ann Beck	Bookkeeper & Receiving Clerk	Brierfield	\$50,000
Tanesha Harbin Wilson	Deputy Tax Assessor	Brierfield	\$50,000
Sherrie Jones	Deputy Tax Assessor	Brierfield	\$10,000
Lisa Roberson	Deputy Tax Collector	Brierfield	\$50,000
Tammie Lynn McRee	Deputy Tax Collector	Brierfield	\$50,000
Tiffany Fox	Deputy Tax Collector	Brierfield	\$50,000
Robyn Perry Hood	Deputy Tax Collector	Brierfield	\$50,000
Monica Shipp	Deputy Tax Collector	RLI Insurance Co.	\$50,000

GRENADA COUNTY

SPECIAL REPORTS

Windham and Lacey, PLLC

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Mississippi Society of CPAs

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, the business-type activities, each major fund and the aggregate remaining fund information of Grenada County, Mississippi, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the county's basic financial statements and have issued our report thereon dated August 15, 2015. 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 2014-1 to be a material weakness.

Compliance and Other Matters

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

County's Response to Findings

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

Purpose of this Report

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



Windham and Lacey, PLLC
August 15, 2015

Windham and Lacey, PLLC

Certified Public Accountants

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

Members of the Board of Supervisors
Grenada County, Mississippi

We have examined Grenada County, Mississippi's compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972), and compliance with the purchasing requirements in accordance with the bid requirements of Sections 31-7-13, Miss. Code Ann. (1972), during the year ended September 30, 2014. The Board of Supervisors of Grenada County, Mississippi, is responsible for the county's compliance with those requirements. Our responsibility is to express an opinion on the county's compliance based on our examination.

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

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

In our opinion, Grenada County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2014.

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 the central purchasing system and inventory control system of Grenada County, Mississippi, and is not intended to be and should not be relied upon for any other purpose. However, this report is a matter of public record and its distribution is not limited.

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

Windham and Lacey, PLLC
August 15, 2015

GRENADA COUNTY

Schedule of Purchases Not Made From the Lowest Bidder
For the Year Ended September 30, 2014

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, 2014

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, 2014

Schedule 3

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

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LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Grenada County, Mississippi

In planning and performing our audit of the financial statements of Grenada County, Mississippi for the year ended September 30, 2014, 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 August 15, 2015, 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
August 15, 2015

GRENADA COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

GRENADA COUNTY

Schedule of Findings and Responses For the Year Ended September 30, 2014

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 |
| | Countywide Construction 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

2014-1. 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.