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City of Durant, Mississippi
Audited Financial Statement
For the Year Ended on September 30, 2014

APR 28 2015

Fortenberry & Ballard, P.C.
Certified Public Accountants

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City of Durant, Mississippi
Audited Financial Statement
September 30, 2014
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INDEPENDENT AUDITORS' REPORT

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Board of Aldermen
City of Durant
Durant, Mississippi

Report on the Financial Statement

We have audited the Statement of Cash Receipts and Disbursements, of the City of Durant, Mississippi, as of and for the year ended September 30, 2014, and the related notes to the financial statement, which collectively comprise the City of Durant basic financial statement as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statement, 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 statement.

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

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Opinion

In our opinion the financial statement referred to above present fairly, in all material respects, the cash receipts and disbursements of the City of Durant for the year ended September 30, 2014, on the basis of accounting described in Note A.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statement of the City of Durant, Mississippi taken as a whole. Schedules 1-4, as required by the Mississippi Office of the State Auditor, are presented for the purposes of additional analysis and are not a required part of the audited financial statement. Such information has not been subjected to the auditing procedures applied in the audit of the Statement of Cash Receipts and Disbursements and, accordingly, we do not express an opinion or any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 22, 2015 on our consideration of the City of Durant'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 the City of Durant's internal control over financial reporting and compliance.

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
April 22, 2015

Certified Public Accountants

FINANCIAL STATEMENT

CITY OF DURANT, MISSISSIPPI

**COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (ALL FUNDS)
For the Fiscal Year Ended September 30, 2014**

	General Fund
RECEIPTS:	
General Property Taxes	\$ 954,758
Licenses and Permits	54,405
Intergovernmental Revenues:	
Federal CDBG	303,977
State Grants & Local Matching	24,935
General Municipal Aid	3,989
State Shared Revenues:	
Sales Tax	316,538
State Fire Rebate and Fire Protection	191
Charges For Services:	
Electric & Water Utility	3,498,090
Fines & Forfeitures	123,684
Rental Income	133,242
Activity Fund Revenue	3,115
Historical Preservation Revenue	3,270
Miscellaneous Income	19,968
Total Receipts	5,440,162
DISBURSEMENTS:	
General Government	968,826
Public Safety - Police	659,081
Public Safety - Fire	183,886
Public Works - Streets	190,290
Sewer & Garbage	105,444
Library	76,157
Culture and Recreation - Parks	61,322
Electric & Water Utility	2,773,885
Legal	18,949
Debt Service Payments	-
Total Operating Disbursements	5,037,840
OTHER SOURCES/DISBURSEMENTS:	
School District	525,320
Capital Outlay	70,501
Transfers In	(990,441)
Transfers Out	990,441
Total Other Disbursements	595,821
 Net Disbursements	 5,633,661
 Excess (Deficiency) of receipts over disbursements	 (193,499)
 CASH BASIS FUND BALANCE - OCTOBER 1	 476,008
 Changes in receivables & payables not affecting cash	 (133,218)
 CASH BASIS FUND BALANCE - SEPTEMBER 30	 \$ 149,291

The Notes to the Financial Statement are an integral part of this Combined Statement of Cash Receipts and Disbursements.

City of Durant, Mississippi

Notes to the Financial Statement
September 30, 2014

City of Durant, Mississippi

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

Note A: Summary of Significant Accounting Policies

General Information

The City of Durant operates under the Mayor-Board of Alderman form of government and provides services as authorized by law. City's population on the 2011 census was 2,673. The accounting policies of the City of Durant conform to the laws of Mississippi for a municipality with a population of less than 3,000. The following is a summary of the more significant policies.

Reporting Entity

The financial statement of the city consists of all the funds of the city. There are no component units nor related organizations included in the statement as they do not fit the criteria for such inclusion.

Fund Accounting

The accounts of the city are organized on the basis of the funds, each of which is considered a separate accounting entity.

Basis of Accounting

The financial statement is prepared on a cash receipts and disbursements basis, as allowed by the Office of the State Auditor. Consequently, certain revenues are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred. Cash receipts and disbursements is a basis of accounting other than generally accepted accounting principles.

Note B: Report Classifications

Receipts and disbursements were classified according to requirements for small towns in the State of Mississippi as allowed and described by the Office of the State Auditor.

Note C: Cash

The City deposits excess funds in the financial institutions selected by the Mayor and Board of Alderman in accordance with state statutes. Cash consists of interest-bearing demand accounts and certificates of deposit. Cash and other deposits are valued at cost. For purposes, of the combined statement of cash flows, the municipality considers to be cash equivalents all highly liquid investments and certificates of deposit if they have a maturity of one year or less when acquired.

City of Durant, Mississippi

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

Note D: Defined Benefit Pension Plan

Plan Description. The City of Durant, 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 report may be obtained by writing to Public Employees' Retirement System of Mississippi, PERS Building, 429 Mississippi Street, Jackson, MS 39201 or by calling (601) 359-3589 or 1-800-444-PERS.

Funding Policy. PERS members are required to contribute 9.00% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The employer's rate as of September 30, 2014 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 Mississippi Legislature. The City's contributions to PERS for the fiscal year ending September 30, 2014 and 2013 were \$116,447 and \$111,357.

Note E: Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries commercial insurance for these risks. Settled claims resulting from these insured risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The city 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 city 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 \$500,000 for employees 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. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

Note F - Subsequent Events

Events that occur after the Statement of Cash Receipts and Disbursements date but before the financial statement is available to be issued must be evaluated for recognition or disclosure.

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City of Durant, Mississippi

**Notes to the Financial Statement
For the Year Ended September 30, 2014**

The effects of subsequent events that provide evidence about conditions that existed at the Statement of Cash Receipts and Disbursements date are recognized in the accompanying financial statement. Subsequent events which provide evidence about conditions that existed after the Statement of Cash Receipts and Disbursements date require disclosure in the accompanying notes. Management of the City of Durant, Mississippi evaluated the activity of the city through the date the financial statement was available to be issued, and determined that no subsequent events have occurred that require disclosure in the notes to the financial statement.

SUPPLEMENTARY INFORMATION

City of Durant, Mississippi
Schedule of Investments - All Funds
9/30/2014

Schedule 1

<u>Ownership</u>	<u>Type of Investment</u>	<u>Interest Rate</u>	<u>Acquisition Date</u>	<u>Maturity Date</u>	<u>Other Information</u>	<u>Investment Cost/Value</u>
General Fund	Certificate of Deposit	0.15%	6/17/2009	10/17/2014	M & F Bank	\$ 15,623.41
Total Investments						\$ <u>15,623.41</u>

City of Durant, Mississippi
Schedule of Capital Assets
For the Fiscal Year Ended September 30, 2014

Schedule 2

Governmental activities:	<u>Beginning</u>	<u>adjustments</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets:				
Land	\$ 0			0
Construction in process	0			0
Buildings	0			0
Machinery and Equipment	0	343,320		343,320
Infrastructure	0			0
				<u>0</u>
Total Governmental activities capital assets	\$ <u>0</u>	<u>343,320</u>	<u>0</u>	<u>343,320</u>
 Business-type activities:				
Capital Assets:				
Land	\$ 0			0
Construction in process	0			0
Buildings	0			0
Machinery and Equipment	0			0
Infrastructure	0			0
				<u>0</u>
Total Business-type activities capital assets	\$ <u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

* City does not maintain capital assets records and amounts for Land, Buildings, or Infrastructure.

City of Durant, Mississippi
Schedule of Long-Term Debt
For the Fiscal Year Ended September 30, 2014

Schedule 3

	Definition and Purpose	Balance Outstanding October 1, 2013	Issued	Redeemed	Balance Outstanding September 30, 2014
Other Long-term Debt:					
Renasant Bank	Miscellaneous	\$ 20,492	77,654	14,136	84,010
State Revolving Fund, Series 1996	Water system	193,780		23,089	170,691
Capital Improvements Loan, Series 2008	Water system	253,636		31,935	221,701
Equipment Purchase Loan	First Class Linen LLC	405,370		63,567	341,803
Total		<u>\$ 873,278</u>	<u>77,654</u>	<u>132,727</u>	<u>818,206</u>

City of Durant
 Schedule of Surety Bonds for Municipal Officials
 9/30/2014

Name	Position	Surety	Bond Amount
Tasha Davis	Mayor	Travelers	\$ 100,000
Barbara Booth	Alderman	Travelers	100,000
Leotha Patterson, Jr.	Alderman	Travelers	100,000
Ronnie Gladney	Alderman	Travelers	100,000
Henry Robinson, Jr.	Alderman	Travelers	100,000
Linda McDonald	Alderman	Travelers	100,000
JoNell Payton	Alderman	Travelers	100,000
Ursula Perry	City Clerk	Travelers	50,000
Sandra Parkerson	Clerk	Travelers	50,000
John Haynes	Chief	Travelers	50,000
John Smith	Asst. Chief	Travelers	50,000
Patrick James	Chief Investigator	Western Surety	50,000
Latasha Landfair	Clerk	Travelers	50,000
Shannon Gallagher	Court Clerk	Western Surety	50,000
Larry Gladney	Dispatcher	Travelers	50,000
Mark Wellman	Dispatcher	Travelers	50,000
Robert Greer	Dispatcher	Travelers	50,000
Charles T. Pender, Jr.	Policeman	Travelers	50,000
Willie C. Collins	Policeman	Travelers	50,000
Phillip Boatman	Policeman	Travelers	50,000
Zelie Shaw	Policeman	Travelers	50,000
J. W. Greer	Policeman	Travelers	50,000
James McDonald	Policeman	Travelers	50,000
Paul Freeman	Policeman	Travelers	50,000
Antwon Bailey	Policeman	Travelers	50,000
Odesser Young	Dispatcher	Travelers	50,000
Elijah Brooks	Dispatcher	Travelers	50,000
Sidney Randle	Senior Officer	Travelers	50,000
Kelly W Boyd	Fire Chief	Travelers	50,000

17328 2015

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Mayor and Board of Aldermen
City of Durant
Durant, 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 Statement of Cash Receipts and Disbursements of the City of Durant, Mississippi as of and for the year ended September 30, 2014, and have issued our report thereon dated April 22, 2015. Our report differed from the standard report because the City of Durant prepared the statement on the cash basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles. Also the report differed due to comments on cash. Except for the effect of the item referred to above, we conducted our audit in accordance with auditing standards generally accepted in the United States of America applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Durant, 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 immaterial instances of noncompliance or other matters that we reported to management of the City of Durant, Mississippi, in the Independent Auditor's Report on Compliance with State Laws and Regulations dated April 22, 2015, included within this document.

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 City of Durant'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 City of Durant's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of the Mayor, the Board of Aldermen, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
April 22, 2015

Certified Public Accountants

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT
ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

Honorable Mayor and Board of Aldermen
City of Durant
Durant, Mississippi

We have audited the Statement of Cash Receipts and Disbursements of the City of Durant, Mississippi as of and for the year ended September 30, 2014 and have issued our report dated September 30, 2014. We have conducted our audit in accordance with auditing standards generally accepted in the United States of America.

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

The result of those procedures and our audit of the Statement of Cash Receipts and Disbursements disclosed no material instances of noncompliance with state laws and regulations.

This report is intended for the information of the City's management and Board of Aldermen and the Office of the State Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
April 22, 2015

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

City of Durant

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

Section I: Summary of Auditor's Results

Financial Statements:

1. Type of auditor's report issued: Unmodified.
2. Internal control over financial reporting:
 - a. Material weakness(es) identified? No.
 - b. Significant deficiency(ies) identified? None reported.
3. Noncompliance material to financial statements noted? No.

Section II: Financial Statement Findings

The results of our tests disclosed no findings related to the financial statements that are required to be reported by *Government Auditing Standards*.

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