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ELLIS & HIRSBERG  
CERTIFIED PUBLIC ACCOUNTANTS, PLLC

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October 7, 2015

Office of the State Auditor  
Attn: Kelley Ryan  
P. O. Box 956  
Jackson, MS 39205

Dear Ms. Ryan:

Enclosed herewith are two bound copies of the financial statements for the City of Rosedale, Mississippi as of September 30, 2014. I have also emailed a PDF version to you this date.

If you have any questions about the enclosed, please feel free to contact our office.

Sincerely,



, CPA

WNH:jwp  
Enclosures

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**City of Rosedale**  
Financial Statements  
September 30, 2014

**Ellis & Hirsberg**  
Certified Public Accountants, PLLC  
Clarksdale, Mississippi

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## INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council  
City of Rosedale  
Rosedale, Mississippi

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Rosedale, Mississippi as of and for the fiscal year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash receipts and disbursement basis, which is a comprehensive basis of accounting other than principles generally accepted in the United States of America. See Note 1. This basis includes the designing, 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.

### Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit

procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Rosedale, Mississippi, as of September 30, 2014, and the respective changes in financial position for the year then ended in conformity with the basis of accounting described in Note 1.

### **Other Matters**

#### *Required Supplementary Information*

The City of Rosedale, Mississippi has not presented the management's discussion and analysis or budgetary comparison information that accounting principles generally accepted in the United States of America require 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 the missing information.

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Rosedale, Mississippi's financial statements taken as a whole. The supplemental information section is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplemental information section is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The supplemental information section 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 4, 2015 on our consideration of the City of Rosedale, Mississippi's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an internal part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Rosedale, Mississippi's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "E. J. ...", is written over the text.

Clarksdale, Mississippi  
September 4, 2015



CITY OF ROSEDALF, MISSISSIPPI  
STATEMENTS OF ACTIVITIES AND NET ASSETS - CASH BASIS  
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2014

Functions/Programs	Program Cash Receipts				Net (Disbursements) Revenue & Changes in Net Assets	
	Charges for Disbursements	Capital Grants & Contributions	Operating Grants & Contributions	Business-Type Activities	Governmental Activities	Total
<b>PRIMARY GOVERNMENT:</b>						
Governmental Activities:						
General Government	\$ 217,226			(217,226)		(217,226)
Public Safety	331,889	59,756		(272,133)		(272,133)
Public Works	101,574	17,685		(83,889)		(83,889)
Sanitation	101,678	93,165		(8,513)		(8,513)
Education & Recreation	29,096			(29,096)		(29,096)
Economic Development	243,735	243,735		0		0
Total Governmental Activities	1,025,198	152,921	0	(610,857)	0	(610,857)
Business-type Activities:						
Water & Sewer	235,908	222,990		(12,918)		(12,918)
Total Business-type Activities	235,908	222,990	0	(12,918)		(12,918)
Total Primary Government	\$ 1,261,106	375,911	0	(610,857)	(12,918)	(623,775)

GENERAL RECEIPTS:

Transfers In/Out	\$ 7,000	(7,000)	0
Ad Valorem Taxes	419,212		419,212
Sales Tax	112,937		112,937
Franchise Taxes	42,838		42,838
Homestead Exemption Reimbursement	29,561		29,561
Licenses & Permits	4,099		4,099

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CITY OF ROSEDALE, MISSISSIPPI  
STATEMENTS OF ACTIVITIES AND NET ASSETS - CASH BASIS  
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2014

Functions/Programs	Program Cash Receipts				Net (Disbursements) Revenue & Changes in Net Assets	
	Charges	Capital	Operating	Business- Type	Governmental	Activities
	Cash	Grants & Contributions	Grants & Contributions			
	Disbursements	Services			Activities	Total
Unrestricted Investment Income				121	283	404
Intergovernmental				30,144		30,144
Miscellaneous				41,196	14,613	55,809
Total General Receipts				687,108	7,896	695,004
Changes in Net Assets				76,251	(5,022)	71,229
Net Assets at Beginning of Year				236,672	104,926	341,598
Net Assets at End of Year			\$	312,923	99,904	412,827

The accompanying notes are an integral part of this statement.

CITY OF ROSEDALE, MISSISSIPPI  
 STATEMENTS OF ACTIVITIES & NET ASSETS - CASH BASIS - CONTINUED  
 AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2014

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
ASSETS:			
Cash & Cash Equivalents	\$ 139,523	44,054	183,577
Restricted Cash	<u>173,400</u>	<u>55,850</u>	<u>229,250</u>
 Total Assets	 <u>\$ 312,923</u>	 <u>99,904</u>	 <u>412,827</u>
NET ASSETS			
Restricted for Bond & Interest	\$ 62,856		62,856
Restricted for Garbage	505		505
Restricted for Fire Prevention	87,529		87,529
Restricted for Parks & Recreation	19,424		19,424
Restricted for Meter Deposits		9,952	9,952
Restricted for Library	541		541
Restricted for Federal Projects	2,544		2,544
Restricted for Water & Sewer Bonds		45,898	45,898
Unrestricted		44,054	44,054
Unassigned	<u>139,524</u>		<u>139,524</u>
 Total Net Assets	 <u>\$ 312,923</u>	 <u>99,904</u>	 <u>412,827</u>

The accompanying notes are an integral part of this statement.

CITY OF ROSEDALE, MISSISSIPPI  
STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES AND  
CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES  
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Governmental Activities					Business-Type Activities	
	General Fund	Garbage Disposal Fund	Debt Service Fund	Federal Projects Fund	Other Nonmajor Funds	Total	Total
RECEIPTS							
Taxes - Ad Valorem	\$ 336,344		48,746		34,122	419,212	
Franchise Fees - Utilities & Cable	42,838					42,838	
Licenses & Permits	4,099					4,099	
Homestead Exemption Reimbursement	23,718		3,437		2,406	29,561	
ABC - Permit	900					900	
General Sales Tax	112,937					112,937	
Municipal Aid	934					934	
Motor Vehicle Fuel Taxes	4,888					4,888	
Fire Insurance Premium Taxes					10,207	10,207	
Grand Gulf	13,215					13,215	
Charges for Services:							
Garbage		93,165				93,165	
Water & Sewer							222,990
Fines & Forfeits	59,756					59,756	
Interest			45		76	121	
CDBG Grant Income				261,420		261,420	
Rents	7,548					7,548	
Other Revenue	16,048				17,600	33,648	
							14,613
Total Receipts	623,225	93,165	52,228	261,420	64,411	1,094,449	237,886

CITY OF ROSEDALE, MISSISSIPPI  
STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES AND  
CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES  
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Governmental Activities				Business-Type Activities	
	General Fund	Garbage Disposal Fund	Debt Service Fund	Federal Projects Fund	Other Nonmajor Funds	Total
<b>DISBURSEMENTS</b>						
General Government:						
Salaries & Employee Benefits	101,647					101,647
Supplies	7,180					7,180
Telephone & Utilities	6,188					6,188
Insurance	62,118					62,118
Other Services & Charges	40,093					40,093
Public Safety - Police:						
Salaries & Employee Benefits	220,630					220,630
Supplies & Fuel	27,209					27,209
Fine Settlements	15,847					15,847
Other Services & Charges	58,877					58,877
Public Safety - Fire:						
Repairs & Operating Supplies					2,668	2,668
Telephone & Utilities					4,143	4,143
Other Services & Charges					2,515	2,515
Public Works - Streets:						
Salaries & Employee Benefits	7,711					7,711
Utilities	66,182					66,182
Other Services & Charges	9,996					9,996
Public Works - Sanitation:						
Garbage Disposal		101,678				101,678
Parks & Recreation						
Contract Services					6,240	6,240
Repairs & Supplies					9,210	9,210
Other Services & Charges		116			2,130	2,246

CITY OF ROSEDALE, MISSISSIPPI  
STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES AND  
CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES  
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Governmental Activities					Business-Type Activities	
	General Fund	Garbage Disposal Fund	Debt Service Fund	Federal Projects Fund	Other Nonmajor Funds	Water & Sewer Fund	Total
Library Support					11,400		11,400
Enterprises - Water & Sewer:							
Salaries & Employee Benefits						85,702	85,702
Repairs & Operating Supplies						38,561	38,561
Utilities & Telephone						29,845	29,845
Contractual Services						12,800	12,800
Other Services & Charges						17,293	17,293
Interest & Fees						26,234	26,234
Federal Expenditures:							
CDBG Street Improvement Grant				17,685			17,685
HOME Project				243,735			243,735
Total Disbursements	623,678	101,794	0	261,420	38,306	210,435	210,435
Excess of Receipts Over (Under) Disbursements	(453)	(8,629)	52,228	0	26,105	27,451	27,451
OTHER CASH SOURCES (USES)							
Debt Repaid - Principal						(25,473)	(25,473)
Transfers In	10,000	9,100					19,100
Transfers Out	(2,100)		(10,000)			(7,000)	(7,000)
Total Other Cash Sources (Uses)	7,900	9,100	(10,000)	0	0	(32,473)	(32,473)

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CITY OF ROSEDALE, MISSISSIPPI  
STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES AND  
CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES  
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Governmental Activities					Business-Type Activities	
	General Fund	Garbage Disposal Fund	Debt Service Fund	Federal Projects Fund	Other Nonmajor Funds	Total	Water & Sewer Fund
Excess (Deficiency) of Receipts and Other Cash Sources Over Disbursements and Other Cash Uses	7,447	471	42,228	0	26,105	76,251	(5,022)
Cash Basis Fund Balance - Beginning of Year	132,077	34	20,628		83,933	236,672	104,926
Cash Basis Fund Balance - End of Year	<u>\$ 139,524</u>	<u>505</u>	<u>62,856</u>	<u>0</u>	<u>110,038</u>	<u>312,923</u>	<u>99,904</u>
Cash Basis Assets - End of Year							
Cash and Cash Equivalents	\$ 139,524					139,524	54,006
Restricted Cash		505	62,856		110,038	173,399	45,898
Total Cash Basis Assets	<u>\$ 139,524</u>	<u>505</u>	<u>62,856</u>	<u>0</u>	<u>110,038</u>	<u>312,923</u>	<u>99,904</u>
Cash Basis Fund Balance - End of Year							
Restricted							
Unassigned	\$ 139,524	505	62,856		110,038	173,399	55,850
Unrestricted						139,524	44,054
Total Cash Basis Fund Balances	<u>\$ 139,524</u>	<u>505</u>	<u>62,856</u>	<u>0</u>	<u>110,038</u>	<u>312,923</u>	<u>99,904</u>

The accompanying notes are an integral part of this statement.

**CITY OF ROSEDALE, MISSISSIPPI  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

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

The City operates under a Mayor-Council form of government and provides all of the rights and privileges provided by statute for municipalities.

**A. Government-wide and Fund Financial Statements**

Basic financial statements consist of the following:

- Statement of activities and net assets - cash basis
- Statement of cash basis assets and fund balances and cash receipts, disbursements and changes in cash basis fund balances

The government-wide financial statements report information on all of the nonfiduciary activities of the primary government. As a general rule, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The City combines the statement of activities and statement of net assets.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct disbursements are those that are clearly identifiable with a specific function or segment. Program receipts include 1) receipts from customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program receipts are reported instead as general receipts.

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

The government-wide financial statements are reported using the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when collected and expenditures are recorded when cash is spent.

Governmental fund financial statements are reported using the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when collected and expenditures are reported when cash is spent.

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**CITY OF ROSEDALE, MISSISSIPPI  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

The City reports the following major governmental funds:

The **General Fund** is the government's primary operating fund. It accounts for all the financial resources and the legally authorized activities of the City except those required to be accounted for in other specialized funds.

**Debt Service Fund** - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt including principal, interest and related costs.

**Garbage Disposal Fund** - This fund accounts for the activities of providing garbage services.

**Federal Project Fund** - This fund is used to account for all governmental activity federal funds. The source of these funds is mostly federal grants or loans used for acquisition and/or construction of major capital facilities. This fund is also used to account for various federal programs which do not involve major capital facilities.

The City reports the following major proprietary funds:

The **Water and Sewer Fund** accounts for the activities of providing water and sewer services to citizens of the City.

Additionally, the City reports the following fund type:

**Special Revenue Funds** are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. In Rosedale this involves the activities of the fire and police department and support to its library.

Amounts reported as *program receipts* include 1) receipts from customers or applicants for goods, services or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general receipts* rather than as program receipts.

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

The City's Proprietary Funds apply all applicable Governmental Accounting Standards Board (GASB) pronouncements and only the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and

**CITY OF ROSEDALE, MISSISSIPPI  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

**C. Assets and Net Assets or Equity**

Cash and Investments

The government's cash and cash equivalents are considered to be cash on hand or invested in certificates of deposit.

Net Assets

The City's government-wide and proprietary net assets are divided into the following components:

**Restricted net assets** - consist of net assets that are restricted by the City's creditors (for example through debt covenants), by state enabling legislation (through restrictions or shared revenues), by grantors (both Federal and state), and by contributors.

**Unassigned net assets** - all other net assets of governmental activities are reported in this category.

**Unrestricted net assets** - all other net assets of business-type activities not meeting the definition of restricted are reported in this category.

**D. Budgetary Data** - Formal budgetary accounting is employed as a management control for all funds of the City. Annual operating budgets are adopted each fiscal year through passage of an annual budget ordinance and amended as required for government and proprietary funds. For governmental funds, receipts are budgeted on the cash basis.

Expenditures are budgeted on the modified cash basis of accounting. This is consistent with the applicable laws of Mississippi for municipalities. Budgets for Capital Projects Funds are made on a project basis, spanning more than one fiscal year. Budgetary control is exercised at the departmental level or by projects.

All unencumbered budget appropriations, except project budgets, lapse at the end of the fiscal year.

**CITY OF ROSEDALE, MISSISSIPPI  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

**NOTE 2 - PROPERTY TAXES:**

The City uses the county tax rolls for the assessment of its ad valorem tax. Property is assessed in January of each year and the tax levy is set in September of each year. Property taxes attach as an enforceable lien on property as of January of the next year and are delinquent after February 1. The millage rate for the City for the fiscal year ended September 30, 2014 was 66 mills for general purposes, 13 mills for bond and interest, 2 mills for the library maintenance, 2 mills for maintaining parks, playgrounds, and recreational purposes, 3 mills for the municipal fire department.

**NOTE 3 - PENSION PLAN:**

**Plan Description.** The City of Rosedale contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit 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 Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 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 of Rosedale is required to contribute at an actuarially determined rate. The current rate is 15.75% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by State of Mississippi Legislature. The City of Rosedale's contributions to PERS for the years ending September 30, 2014, 2013, and 2012, were \$50,700, \$47,290, and \$42,087, respectively, equal to the required contributions for each year.

**NOTE 4 - CHANGES IN LONG-TERM DEBT**

The following is the schedule of long-term debt.

		Balance Outstanding Oct. 1, 2013	Issued	Redeemed	Balance Outstanding Sept. 30, 2014
<u>Revenue Bonds</u>					
3-10-88	Combined Water & Sewer System Bond	62,879		8,041	54,838

**CITY OF ROSEDALE, MISSISSIPPI  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

8-4-04	Combined Water & Sewer System Bond	<u>656,594</u>	<u>17,432</u>	<u>639,162</u>
	<u>Subtotal</u>	<u>719,473</u>	<u>0</u>	<u>25,473</u>
	<u>Total</u>	<u>\$ 719,473</u>	<u>0</u>	<u>25,473</u>

Long-term debt at September 30, 2014, in the Enterprise Fund is comprised of the following:

	<u>Revenue Bonds</u>
Bonds Payable at October 1, 2013	719,473
Repayment	<u>(25,473)</u>
Bonds Payable at September 30, 2014	<u>694,000</u>

Bonds payable at September 30, 2014, are comprised of the following issues:

A. Revenue Bonds

\$135,000, 1988 Combined Water and Sewer System bonds, due in monthly installments of \$703.13 through March 10, 2023. Interest at 5% for the purpose of improving water and sewer system	54,838
\$736,500, 2004 Combined Water and Sewer System bonds, due in annual installments of \$43,269.37 beginning August 4, 2007 and ending August 4, 2039, inclusive, with interest only due on August 4, 2005 and August 4, 2006. Interest is at a 4.5% rate.	<u>639,162</u>
Total	<u>694,000</u>

The annual requirements to amortize all long-term debt outstanding as of September 30, 2014, are as follows:

**CITY OF ROSEDALE, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

<u>Year Ending September 30,</u>	<u>Enterprise Fund</u>		<u>Total Principal &amp; Interest</u>
	<u>Principal</u>	<u>Interest</u>	
2015	20,134	31,573	51,707
2016	21,076	30,631	51,707
2017	22,062	29,645	51,707
2018	23,094	28,613	51,707
2019	24,175	27,532	51,707
2020 - 2024	120,537	132,998	253,535
2025 - 2029	121,849	94,498	216,347
2030 - 2034	151,846	64,501	216,347
2035 - 2039	189,227	22,997	212,224
Totals	<u>694,000</u>	<u>462,988</u>	<u>1,156,988</u>

There are a number of limitations and restrictions contained in the revenue bond ordinances. There are requirements that a reserve account be maintained as follows:

	<u>Amount of Reserve Requirement At 9-30-14</u>	<u>Amount of Reserve At 9-30-14</u>
Note payable Farm Service Agency		
#93-03	6,300	7,898
93-05	38,000	38,000

**NOTE 5 - INVESTMENTS**

The only investment of the City consists of Certificates of Deposit and is of the type authorized by State statutes. As of September 30, 2014 certificates of deposit were as follows:

<u>WATER AND SEWER FUND:</u>	<u>Fair Value</u>
.35% Water Deposit Fund - Matures 12-19-14	10,000
.35% Water & Sewer Bond - Matures 12-19-14	38,000
.20% Bond Cushion - Matures 7-26-15	<u>6,782</u>
Total	<u>54,782</u>

**CITY OF ROSEDALE, MISSISSIPPI  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

**NOTE 6 - CASH AND OTHER DEPOSITS**

The carrying amount of the City's deposits with financial institutions was \$412,827 and the bank balance was \$483,072.

The collateral for public entities' deposits in financial institutions is now held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's 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 Federal Depository Insurance Corporation.

**Custodial Credit Risk - Deposits.** Custodial credit risk is a risk that in the event of the failure of a financial institution, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City does not have a formal policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the City. 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 City.

**NOTE 7 - 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. Except as described below, 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.

**Participation in Public Entity Risk Pool.**

The City is a member of the Mississippi Municipal Workers' Compensation Group (MMWCG). The group is a risk-sharing pool; such a pool is frequently referred to as a self-insurance pool. MMWCG covers risks of loss arising from injuries to the City's employees. The Mississippi Workers' Compensation Commission requires that an indemnity agreement be executed by each member in a workers' compensation self-insurance pool for the purpose of jointly and severally binding the pool and each of the employers comprising the group to meet the workers' compensation obligations of each member. Each member of the MMWCG contributes quarterly to a fund held in trust. The trust pays statutory amounts. The funds in the trust account are used to pay any claim up to \$750,000 for police and fire fighters and \$500,000 on all others. For a claim exceeding \$750,000 for police and fire fighters and \$500,000 on all others, MMWCG has reinsurance. If total claims during a year were to deplete the trust account, then the pool members would

**CITY OF ROSEDALE, MISSISSIPPI  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

be required to pay for the deficiencies. The City has not had an additional assessment for excess losses incurred by the pool.

The City is a member of the Mississippi Municipal Liability Plan (MMLP). This is a risk-sharing pool; such a pool is frequently referred to as a self-insurance pool. MMLP covers liability claims against the City. Each member of the MMLP contributes to a fund held in trust account. The funds held in the trust account are used to pay claims of \$500,000 for torts and \$1,000,000 on federal claims. The City has not had an additional assessment for excess losses.

**NOTE 8 - ECONOMIC DEPENDENCY**

The City is a rural community located in the Mississippi Delta. It is dependent on ad valorem taxes and user fees from its residents to remain viable.

**NOTE 9 - SUBSEQUENT EVENTS**

Management of the City of Rosedale evaluated the activity of the City through September 4, 2015 and determined that no subsequent event had occurred which would require disclosure in the notes to the financial statements for its year end September 30, 2014.

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CITY OF ROSEDALE, MISSISSIPPI  
SCHEDULE OF SURETY BONDS FOR MUNICIPAL OFFICIALS  
SEPTEMBER 30, 2014

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Bond</u>
Carey G. Estes	Mayor	Western Surety & MS Municipal Bond Program	\$ 131,000
Jasanda Love	City Clerk	Western Surety Company	81,000
Tarsha C. Lewis	Deputy / Police Clerk	Western Surety Company	81,000
Undraye L. Smith	Assistant Clerk	Western Surety Company	81,000
Elijah Johnson	Police Chief	Western Surety Company	50,000
Tracey Lee Robinson	Councilman	MS Municipal Bond Program	50,000
Gregory Johnson	Councilman	MS Municipal Bond Program	50,000
Alex W. Booth	Councilman	MS Municipal Bond Program	50,000
James Bolden	Councilman	MS Municipal Bond Program	50,000



"Unaudited"

CITY OF ROSEDALE, MISSISSIPPI  
SCHEDULE OF CAPITAL ASSETS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balance</u>
Governmental activities:				
Capital Assets:				
Land	\$ 60,166			60,166
Buildings	701,733		24,097	677,636
Police Cars	44,161		20,914	23,247
Machinery and equipment	24,616		6,071	18,545
Infrastructure	<u>520,764</u>	<u>17,685</u>	<u>48,488</u>	<u>489,961</u>
Total Governmental activities capital assets	\$ <u>1,351,440</u>	<u>17,685</u>	<u>99,570</u>	<u>1,269,555</u>
Business-type activities				
Capital Assets:				
Machinery and equipment	\$ 49,483		5,209	44,274
Water and Sewer System	<u>1,207,289</u>		<u>179,435</u>	<u>1,027,854</u>
Total Business-type activities capital assets	\$ <u>1,256,772</u>	<u>0</u>	<u>184,644</u>	<u>1,072,128</u>

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**OCT 12 2015**

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

Honorable Mayor and City Council  
City of Rosedale  
Rosedale, 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 the City of Rosedale, Mississippi, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City of Rosedale, Mississippi's basic financial statements and have issued our report thereon dated September 4, 2015. Our report differed from the standard report due to the basis of accounting. All governmental and proprietary funds contained in this report are accounted for using the cash receipts and disbursements basis of accounting, as permitted by the Mississippi State Department of Audit. This basis of accounting differs from generally accepted accounting principles in that revenues are recognized when received rather than when measurable and available as net current assets and expenditures are generally recognized when the related fund expense is disbursed rather than when the related fund liability is incurred. Consequently, these financial statements are not intended to present financial position or results of operations in accordance with generally accepted accounting principles. The City of Rosedale, Mississippi has not presented the management's discussion and analysis or budgetary comparison information that accounting principles generally accepted in the United States of America require 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 the missing information.

## **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Rosedale, Mississippi'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 the City of Rosedale, Mississippi's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Rosedale, Mississippi's internal control.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses as Finding 14-1 to be a material weakness.

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.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City'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*.

The City of Rosedale, Mississippi's response to the finding identified in our audit is described in the schedule of findings and responses. We did not audit the City of Rosedale, Mississippi's response and, accordingly, we express no opinion on it.

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**OCT 12 2015**

### **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.

A handwritten signature in black ink, appearing to read "SLEDGE" followed by a stylized flourish.

Clarksdale, Mississippi  
September 4, 2015

**CITY OF ROSEDALE, MISSISSIPPI  
SCHEDULE OF FINDINGS AND RESPONSES  
SEPTEMBER 30, 2014**

**14-1    Finding:**

There is a lack of segregation of duties in the City Clerk's office. Internal accounting controls of the City of Rosedale are inadequate because of a lack of segregation of duties due to limited personnel and limited funding. Good internal controls call for the segregation of duties between the performance, approval and record keeping of a transaction. This finding was reported in the prior year.

**Recommendation:**

An evaluation of the internal control structure of the City of Rosedale, Mississippi to determine a workable and economically feasible improvement in the internal control structure.

**Response:**

The City of Rosedale, Mississippi is unable to hire additional employees to properly segregate the duties due to the limited funding resources of a small municipality.

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

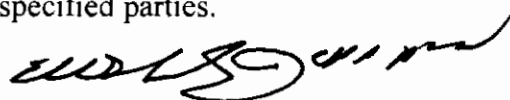
Honorable Mayor and City Council  
City of Rosedale  
Rosedale, Mississippi

In planning and performing our audit of the financial statements of the City of Rosedale, Mississippi for the year ended September 30, 2014, we considered the City of Rosedale, 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 the City of Rosedale, 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 City's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated September 4, 2015, on the financial statements of City of Rosedale, 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 the 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 test 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, Board of Aldermen, State Auditor's Office 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.



Clarksdale, Mississippi  
September 4, 2015

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