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City of Durant, Mississippi
Audited Financial Statement
For the Year Ended on September 30, 2015



Fortenberry & Ballard, P.C.
Certified Public Accountants

City of Durant, Mississippi
Audited Financial Statement
September 30, 2015
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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 accompanying Statement of Cash Receipts and Disbursements, of the City of Durant, Mississippi, for the year ended September 30, 2015, 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 the cash basis of accounting, which is an Other Comprehensive Basis of Accounting described in Note A. Management is also responsible for 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 judgment, 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 statement 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 respective cash basis financial position of the City of Durant for the year ended September 30, 2015, in accordance with the basis of accounting described in Note A.

We draw attention to Note A of the financial statement, which describes the basis of accounting. The financial statement is prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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 October 3, 2016 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
October 3, 2016

Certified Public Accountants

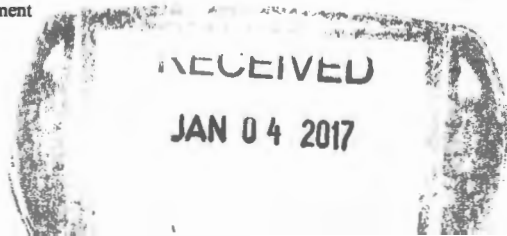
FINANCIAL STATEMENT

CITY OF DURANT, MISSISSIPPI

COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (ALL FUNDS)
For the Year Ended September 30, 2015

	<u>General Fund</u>
RECEIPTS	
Taxes	
General property taxes	\$ 967,497
Licenses and permits	26,074
Intergovernmental revenues:	
Federal receipts	
CDBG	179,365
General municipal aid	1,333
State shared revenues:	
Sales tax	348,747
Gasoline tax	8,019
Homestead Reimbursement	40,139
Liquor Privilege Tax	1,800
State Fire Rebate and Fire Protection	14,544
Nuclear Plant Payment	2,047
County Fire Rebate	5,000
Charges for services	
Electric, Water, Sewer and Garbage Utilities	3,589,647
Fines and forfeits	96,578
Rental Income	135,425
Historical Preservation Revenue	20,670
Activity Fund Revenue	8,749
Excel by 5 Coalition	4,295
Total Receipts	<u>5,449,929</u>
 DISBURSEMENTS	
General government	924,006
Public Safety - Police	584,605
Public Safety - Fire	199,162
Public Works - Streets	171,047
Library	74,388
Culture and Recreation - Parks	60,868
Legal	27,693
Historical Preservation Expenditure	25,314
Activity Fund Expenditure	5,741
Excel by 5 Coalition	4,123
Special Revenue Expenditure	15,487
Enterprises	
Electric, Water, Sewer and Garbage Utilities	2,865,241
Debt Service Payments	551,865
Total Disbursements	<u>5,509,540</u>
 Excess (Deficiency) of Receipts Over Disbursements	<u>(59,611)</u>
 OTHER FINANCING SOURCES/USES	
Special Revenue (See Note E)	308,541
CDBG Expenditures	(179,409)
Transfers (In) Out Net	-
Total other Financing Sources (uses)	<u>129,132</u>
 Excess (Deficiency) of Receipts and Other Cash Sources Over Disbursements and Other Cash Uses	<u>69,521</u>
 CASH BASIS FUND BALANCE - BEGINNING, AS PREVIOUSLY REPORTED	149,291
PRIOR PERIOD ADJUSTMENTS	<u>3,558</u>
CASH BASIS FUND BALANCE - BEGINNING, AS RESTATED	152,849
Changes in receivables & payables	
not affecting cash	19,862
 CASH BASIS FUND BALANCE - ENDING	<u>\$ 242,232</u>

The Notes to the Financial Statement are an integral part of this statement



City of Durant, Mississippi
Notes to the Financial Statement
September 30, 2015

City of Durant, Mississippi

Notes to the Financial Statement
For the Year Ended September 30, 2015

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 or 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 prescribed 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 prescribed by the Office of the State Auditor.

City of Durant, Mississippi

Notes to the Financial Statement For the Year Ended September 30, 2015

Note C: Prior Period Adjustments

Explanation	Amount
1. Renasant Certificate of Deposit not included in 2014 cash balances	\$ 14,573
2. To void 09/30/2014 outstanding deposit in Fines and Forfeits account	(11,015)
Total	<u>\$ (3,558)</u>

Note D: Changes in Accounts Payable

Decrease in accrued expenses payable should be added to the net income on the cash receipt and disbursement Statement.

Note E: Special Revenue

\$282,541 in Special Revenue was the loan payoff amount the City received from AmeriPride. The City then paid off the loan (#30035) to Mississippi Development Authority.

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SUPPLEMENTARY INFORMATION

Schedule 1

City of Durant, Mississippi
Schedule of Investments - All Funds
September 30, 2015
UNAUDITED

<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	0.245%	6/17/2009	10/17/2015	Renasant Bank	\$ 15,703
Total Investments						\$ <u>15,703</u>

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City of Durant, Mississippi
Schedule of Capital Assets
For the Fiscal Year Ended September 30, 2015
UNAUDITED

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	343,320	87,217		430,537
Infrastructure	0			0
				0
Total Governmental activities capital assets	\$ 343,320	87,217	0	430,537
 Business-type activities:				
Capital Assets:				
Land	\$ 0			0
Construction in process	0			0
Buildings	0			0
Machinery and Equipment	0			0
Infrastructure	0			0
				0
Total Business-type activities capital assets	\$ 0	0	0	0

* 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, 2015
UNAUDITED

Schedule 3

Definition and Purpose	Balance Outstanding	Prior Period	Transactions during fiscal year		Balance Outstanding
	October 1, 2014	Adjustment	Issued	Redeemed	September 30, 2015
Other Long-term Debt:					
Renasant Bank	Miscellaneous	\$ 84,010	(79,797)	4,213	0
State Revolving Fund, Series 1996 - MDEQ	Water system	170,691		170,691	0
Capital Improvements Loan, Series 2008 - MDA	Water system	221,701		10,238	211,463
CAP Loan - Water \$687.50 - MDA					0
Equipment Purchase Loan - MDA	First Class Linen LLC	341,803		341,803	0
Holmes County Bank & Trust Co 402952700	Commercial Truck		207,500	4,882	202,618
N/P Hancock Bank	Lawn Mower		7,447	602	6,845
Total		\$ 818,205	(79,797)	532,429	420,926

Schedule 4

City of Durant, Mississippi
Schedule of Surety Bonds for Municipal Officials
September 30, 2015
UNAUDITED

<u>Name</u>	<u>Position</u>	<u>Surety</u>	<u>Bond Amount</u>
Tasha Davis	Mayor	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
Jo Nell Payton	Alderman	Western Surety	100,000
Ursula Holley	City Clerk	Travelers	50,000
Sandra Parkerson	Deputy City Clerk	Travelers	50,000
John Haynes	Police Chief	Travelers	50,000
John Smith	Asst. Chief	Travelers	50,000
Latasha Landfair	Clerk	Travelers	50,000
Shannon Gallagher	Court Clerk	Western Surety	50,000
Craig Smith	Payroll Clerk	Travelers	50,000
Mark Wellman	Fire Chief	Travelers	50,000
Larry Gladney	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
Odesser Young	Dispatcher	Travelers	50,000
Sidney Randle	Senior Officer	Travelers	50,000

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

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FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' 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***

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, 2015, and have issued our report thereon dated October 3, 2016.

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.

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 deficiencies described in the accompanying schedule of findings and responses to be material weaknesses. Findings 2015-001 and 2015-002.

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.

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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 October 3, 2016, included within this document.

City of Durant's Responses to Findings

The City of Durant's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. City of Durant's responses were 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 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
October 3, 2016

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 for the year ended September 30, 2015 and have issued our report dated October 3, 2016. We have conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*.

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, 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
October 3, 2016

Certified Public Accountants

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SCHEDULE OF FINDINGS AND RESPONSES

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City of Durant

Schedule of Findings and Responses For the Year Ended September 30, 2015

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? Yes
 - 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 the following findings related to the financial statements that are required to be reported by *Government Auditing Standards*.

Material Weakness:

Finding #2015-001

Condition

During the course of our audit, we noted the City did not conduct an annual inventory observing capital assets pursuant to guidelines set forth by the Mississippi Office of the State Auditor.

Criteria

The City is to maintain adequate subsidiary records substantiating the existence, completeness, and valuation of capital assets.

The City has compiled a list of capital assets. This list should be improved to include the date of purchase and the purchase price of each asset.

Effect

There is no accurate record of the capital assets and inventory owned by the City.

Cause

The City did not develop and follow policies on capital asset management and conduct annual physical inventory.

Recommendation

The City should conduct annual inventory of its capital assets and update their capital assets list timely and review regularly.

Responses

The City will establish an inventory policy that will require a complete annual inventory of all fixed assets. All assets will be properly tagged and numbered and relevant information will be gathered on all assets and included on the master fixed assets listing.

Material Weakness:

Finding #2015-002

Condition

During the course of our audit, we noted controls over accounts payable are inadequate. There were 3 instances of uncanceled invoices, 4 instances of missing signature by purchasing clerk, 6 instances of missing signature for receipt of goods, 3 instances in which documentation was insufficient, and 8 instances in which invoices were paid after 45 days.

Criteria

The City is responsible for establishing and maintaining effective internal control over purchasing and accounts payable functions including an adequate segregation of duties in the requisition process, the issuance of purchase orders, and the processing of invoices for payments. These control policies should be maintained and monitored.

Effect

Unauthorized purchases could exist. Late payments could cause late fees and penalties.

Cause

Internal control activities were not followed and maintained.

Recommendation

The City should implement effective internal control policies that allow for proper segregation of duties throughout the process purchasing and accounts payable from the point of purchase authorization through the claims approval process. The internal control policies should be followed by the accounts payable and purchasing staff.

Responses

The City will review the accounts payable procedures and develop written policies that address how management will oversee that the procedures are being followed.

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