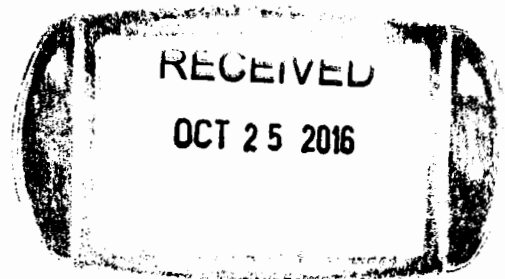




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**Town of Heidelberg, Mississippi**  
**Audited Financial Statements**  
**For the Year Ended September 30, 2015**





**Town of Heidelberg, Mississippi**  
**Year Ended September 30, 2015**

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**HOLT & ASSOCIATES, PLLC**

CERTIFIED PUBLIC ACCOUNTANTS

W. David Dill, CPA  
Julie M. Uher, CPA  
Kari M. Blackledge, CPA

H. I. Holt, CPA  
Founder (1915-1997)

## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Board of Alderpersons  
Town of Heidelberg, Mississippi  
Heidelberg, Mississippi

We have audited the accompanying financial statement of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Heidelberg, Mississippi as of and for the year ended September 30, 2015, and the related notes to the financial statement, which collectively comprise the Town's 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 as described in Note 1, this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. 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 error or fraud.

### Auditor's Responsibility

Our responsibility is to express opinions 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 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.

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## **Opinions**

In our opinion, the financial statement referred to above presents fairly, in all material respects, the respective cash balances of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Heidelberg, Mississippi as of September 30, 2015, and their respective cash receipts and disbursements for the year then ended in accordance with the basis of accounting as described in Note 1.

## **Basis of Accounting**

We draw attention of Note 1 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 opinions are not modified with respect to that matter.

## **Other Matters**

### *Required Supplementary Information*

Management has omitted the Management's Discussion and Analysis and budgetary comparison that governmental 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 opinions on the basic financial statements are not affected by this missing information.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statement of the Town of Heidelberg, Mississippi. The supplemental schedules on pages 11-13 are presented for purposes of additional analysis and are not a required part of the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

*Holt & Associates, PLLC*

August 1, 2016





**Town of Heidelberg, Mississippi**  
**Statement of Cash Receipts and Disbursements**  
**Governmental and Business-Type Activities**  
**For the Year Ended September 30, 2015**

	<u>Governmental Activities</u>		<u>Business-Type</u>	
	<u>Major Funds</u>		<u>Activities</u>	
	<u>General Fund</u>	<u>Fire Protection</u>	<u>Water Fund</u>	<u>Totals</u>
<b>Receipts</b>				
General property taxes	\$ 152,740	\$ -	\$ -	\$ 152,740
Licenses and permits				
Privilege licenses	900	-	-	900
Franchise charges - utilities	76,495	-	-	76,495
Oil Royalties and Severance tax	43,974	-	-	43,974
Intergovernmental receipts				
State revenues				
Homestead exemption reimbursement	3,875	-	-	3,875
State shared revenues				
Sales taxes	284,164	-	-	284,164
Gasoline tax	2,199	-	-	2,199
Operating grant	127,800	-	-	127,800
Charges for services				
Sanitation	-	-	48,690	48,690
Sewer	-	-	70,835	70,835
Water utility	-	-	85,416	85,416
Interest	6,318	-	1,602	7,920
Fines and Forfeitures	21,439	-	-	21,439
Loan Receivable	36,828	-	-	36,828
Miscellaneous receipts	119,659	-	-	119,659
Total receipts	<u>876,391</u>	<u>-</u>	<u>206,543</u>	<u>1,082,934</u>

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



**Town of Heildeberg, Mississippi**  
**Statement of Cash Receipts and Disbursements**  
**Governmental and Business-Type Activities**  
**For the Year Ended September 30, 2015**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Major Funds</u>			
	<u>General Fund</u>	<u>Fire Protection</u>	<u>Water Fund</u>	<u>Totals</u>
<b>Disbursements</b>				
General government	\$ 288,715	\$ -	\$ -	\$ 288,715
Public safety:				
Police	295,446	-	-	295,446
Fire	29,025	35	-	29,060
Public work	219,348	-	-	219,348
Enterprise: water and sanitation	-	-	197,382	197,382
Total disbursements	<u>832,534</u>	<u>35</u>	<u>197,382</u>	<u>1,029,951</u>
Excess (deficiency) of receipts over disbursements	<u>43,857</u>	<u>(35)</u>	<u>9,161</u>	<u>52,983</u>
<b>Other Financing Sources (Uses)</b>				
Intefund loans/transfers	<u>(32,468)</u>	<u>-</u>	<u>32,468</u>	<u>-</u>
Total other financing sources (uses)	<u>(32,468)</u>	<u>-</u>	<u>32,468</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	11,389	(35)	41,629	52,983
<b>Cash Basis Fund Balance - Beginning of Year</b>	1,576,972	11,669	1,845,006	3,433,647
<b>Prior Period Adjustment</b>	<u>(326,617)</u>	<u>(11,659)</u>	<u>(1,136,385)</u>	<u>(1,474,661)</u>
<b>Cash Basis Fund Balance - End of Year</b>	<u>\$ 1,261,744</u>	<u>\$ (25)</u>	<u>\$ 750,250</u>	<u>\$ 2,011,969</u>

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



**TOWN OF HEIDELBERG, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**

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

General Information

The Town operates under the mayor/alderperson form of government and provides services as authorized by law.

Financial Reporting Entity

The financial statement of the town consists of all the funds of the town.

Basis of Accounting

The financial statement is prepared on a cash receipts and disbursement basis, as prescribed by the Mississippi State Department of Audit. 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.

Basis of Presentation

Fund financial statements of the Town are organized into funds, each of which is considered to be separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditures/expenses. The individual funds account for governmental resources allocated to them for the purpose of carrying on specific activities in accordance with laws, regulations, or other restrictions.

The following Funds are groups of accounts that are used by the Town:

**Governmental Funds**

The Town reports the following major governmental funds:

General Fund – The general fund is the general operating fund of the Town. It accounts for all financial resources of the Town, except those required to be accounted for in another fund. All general tax revenues and other sources of revenue used to finance the fundamental operations of the Town are included in this fund. The fund is charged with all cost of operating the government for which a separate fund has not been established.

Additionally, the Town reports the following fund types:

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



TOWN OF HEIDELBERG, MISSISSIPPI  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Proprietary Funds**

Enterprise Funds – Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control accountability, or other purposes.

Account Classifications.

The account classifications used in the financial statements conform to the classifications prescribed in the *Financial Accounting Manual for Mississippi Municipalities* issued by the Office of the State Auditor.

Cash and Cash Equivalents

The Town deposits excess funds in the financial institutions selected by the Board of Aldermen. State statutes specify how these depositories are to be selected.

Cash and cash equivalents consists of amounts on deposit in demand accounts and certificates of deposit with maturities of three months or less from the end of the fiscal year. Cash and cash equivalents are valued at cost.

Investments

The Town is allowed, by statute, to invest excess funds in any bonds or other direct obligations of the United States of America or the state of Mississippi, or of any county or municipality of this state, when such county or municipal bonds have been properly approved; or in interest-bearing time certificates of deposit or interest-bearing accounts with any financial institution approved for the deposit of state funds; or in any type of investment permitted by sections 27-105-33(d) and 27-105-33(e), Miss. Code Ann. (1972).

Investments are reported at fair value, which is determined using selected bases. All of the Town's investments consist of Certificates of Deposits, which mature over three months from the end of the fiscal year and are not considered cash or cash equivalents. These investments are reported at cost, which is the fair value.





TOWN OF HEIDELBERG, MISSISSIPPI  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied as of January 1 and payable on or before February 1. Automobile ad valorem taxes are collected by Jasper County and remitted to the Town. The County retains a collection fee. Lien dates for personal and real property are in August. Delinquent tax payments, received throughout the year, are recognized as revenue in the year received. The millage rate for the Town for January through December was 14.0 mills broken down as follows:

General Fund	<u>14.0</u>
--------------	-------------

Restrictions associated with property tax levies are established by State law which provides that the tax levy for general purposes shall produce no more than 110% of the amount which results from those levies' assessments of the previous year. Uncollected taxes were determined to be properly handled.

**NOTE 2 – CASH AND CASH EQUIVALENTS AND INVESTMENTS**

The collateral for public entities' deposits in financial institutions are 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. The carrying amount of the Town's deposits with financial institutions was \$2,023,642 (which includes \$1,375,275 of certificates of deposit) and the bank balance was \$2,043,249 for 2015.

Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the town will not be able to recover deposits or collateral securities that are in the possession of an outside party. The town does not have a deposit policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the district. Deposits above FDIC coverage are collateralized by the pledging financial institutions trust department or agent in the name of the Mississippi State Treasurer on behalf of the town. As of September 30, 2015, the town's bank balance did not have any exposure to custodial credit risk.

Interest Rate Risk. The town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.



**TOWN OF HEIDELBERG, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**

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**NOTE 2 – CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)**

Credit Risk. State law limits investments to those prescribed in Section 21-33-323, Miss. Code Ann. (1972). The town does not have a formal investment policy that would further limit its investment choices or one that addresses credit risk.

**NOTE 3 – INTERFUND LOANS AND TRANSFERS**

Inter-fund transactions and balances during the year were as follows:

<u>Type</u>	<u>To</u>	<u>From</u>	<u>Amount</u>
Transfer	Water Fund	General Fund	\$ 32,468
Transfer	General Fund	Water Fund	(32,468)

The above interfund loans were necessary to move funds collected in one fund to another. Interfund transfers were necessary for operating expenses.

**NOTE 4–DEFINED BENEFIT PENSION PLAN**

Plan Description. The Town 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% of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The rate at September 30, 2015 was 15.75% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The Town's contributions to PERS for the fiscal year ending September 30, 2015, were \$53,819, which equaled the required contributions for each year.



**TOWN OF HEIDELBERG, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**

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**NOTE 5 – NOTE RECEIVABLE**

The Town entered into an agreement with Jasper Development, LLC, a Mississippi limited liability company, on June 8, 2010 in which the town issued a promissory note in the amount of \$165,000 principal, plus interest at the annual rate of three percent (3%). The Promissory note is secured by a deed of trust on real estate located in the First Judicial District of Jasper County, Mississippi. The said principal and interest shall be payable in fifteen (15) annual installments of \$11,000 principal each, plus interest (if any is due), with the first annual installment being due on July 15, 2011.

Interest due and payable for the first year will be waived if Jasper Development LLC begins construction of any building on the lands secured by the deed of trust. Interest due and payable for years two (2) through fifteen (15) can be reduced or even waived if certain job creation target are met. The creation of ten (10) full or part-time jobs will result in a reduction of one percent (1.0%); the creation of twenty (20) full or part-time jobs will result in a reduction of two percent (2.0%); the creation of thirty (30) or more full or part-time jobs will result in a full reduction of all interest and no interest payment will be due (principal only). Full time or part-time jobs created does not include construction-related jobs.

The note receivable balance at September 30, 2015 is \$105,459.

**NOTE 5 – RISK MANAGEMENT**

The Town 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 Town 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.

**NOTE 7– PRIOR PERIOD ADJUSTMENT**

It was discovered that the cash basis fund balance reported had been incorrectly reported in prior years. The capital assets, interfund loans, and loan receivable were being included incorrectly. The current year has been adjusted for these errors.

	<u>General Fund</u>	<u>Fire Protection Fund</u>	<u>Water Fund</u>
As previously reported	\$ 1,576,972	\$ 11,669	\$ 1,845,006
Loan Receivable	(142,288)	-	-
Interfund Loan	(184,329)	(11,659)	109,057
Capital Assets	<u>-</u>	<u>-</u>	<u>(1,245,442)</u>
As Restated	<u>\$ 1,250,355</u>	<u>\$ 10</u>	<u>\$ 708,621</u>

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**TOWN OF HEIDELBERG, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**

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***NOTE 6 – SUBSEQUENT EVENTS***

The Town has evaluated subsequent events through August 1, 2016, the date which the financial statements were available to be issued.





**Town of Heidelberg, Mississippi**  
**Schedule 1**  
**Schedule of Investments – All Funds**  
**September 30, 2015**

<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	0.30%	9/13/15	9/13/16	Community Bank	\$ 14,870
General Fund	Certificate of Deposit	0.50%	11/5/14	11/5/15	Omni Bank	841,816
General Fund	Certificate of Deposit	0.20%	8/4/15	8/4/16	Community	206,311
<b>TOTAL GENERAL</b>						<u>1,062,997</u>
Proprietary Fund	Certificate of Deposit	0.30%	9/13/15	9/13/16	Community	312,278
<b>TOTAL PROPRIETARY</b>						<u>312,278</u>
<b>TOTAL INVESTMENTS</b>						<u>\$ 1,375,275</u>

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**Town of Heidelberg, Mississippi**  
**Schedule 2**  
**Schedule of Surety Bonds of Municipal Officials**  
**September 30, 2015**

<u>Name</u>	<u>Position</u>	<u>Surety</u>	<u>Bond Amount</u>
Juan Barnett	Mayor	Clyde C. Scott	\$ 25,000
Edwina Sanders	Deputy Town Clerk	St. Paul Travelers	50,000
Teresa Harvey	Deputy Court Clerk	St. Paul Travelers	50,000
Tymunica Cooley	Town Clerk	St. Paul Travelers	50,000
Carolyn McFarland	Aldерwoman	Clyde C. Scott	25,000
Milton Jones	Alderman	Clyde C. Scott	25,000
Sam Risher	Alderman	Clyde C. Scott	25,000
Dewitt Reed	Alderman	Clyde C. Scott	25,000
Thomas Lewis	Alderman	Clyde C. Scott	25,000
Huey Power	Police Chief	St. Paul Travelers	50,000
Prentiss Henley, Jr.	Police Officer	St. Paul Travelers	25,000
Charles Waters	Police Officer	St. Paul Travelers	25,000
Brandon Johnson	Police Officer	St. Paul Travelers	25,000
Cornell White	Police Officer	St. Paul Travelers	25,000
Spencer Richardson	Police Officer	St. Paul Travelers	25,000
Courtney Clanton	Police Officer	St. Paul Travelers	25,000



**Town of Heidelberg, Mississippi**  
**Schedule 3**  
**Schedule of Capital Assets**  
**September 30, 2015**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities :</b>				
Land	\$ 170,600	\$ -	\$ -	\$ 170,600
Buildings	449,985	-	19,588	430,397
Improvements o/t buildings	84,460	-	5,935	78,525
Mobile equipment	163,762	-	52,719	111,043
Other Furniture and equipment	66,336	49,982	35,398	80,920
Infrastructure	288,128	-	18,755	269,373
Total governmental activities	<u>1,223,271</u>	<u>49,982</u>	<u>132,395</u>	<u>1,140,858</u>
<b>Business-type Activities :</b>				
Land	2,815	-	-	2,815
Construction in Progress	-	33,000	-	33,000
Water and Sewer lines and facilities	1,242,627	55,593	84,377	1,213,843
Total business-type activities	<u>1,245,442</u>	<u>88,593</u>	<u>84,377</u>	<u>1,249,658</u>
 Total Capital Assets	 <u>\$ 2,468,713</u>	 <u>\$ 138,575</u>	 <u>\$ 216,772</u>	 <u>\$ 2,390,516</u>



**Town of Heidelberg, Mississippi**  
**Reports on Compliance and Internal Control**

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**HOLT & ASSOCIATES, PLLC**  
CERTIFIED PUBLIC ACCOUNTANTS

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Julie M. Uher, CPA  
Kari M. Blackledge, CPA

H. I. Holt, CPA  
Founder (1915-1997)

**INDEPENDENT AUDITOR'S 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, Members of the  
Board of Alderpersons and Town Clerk  
Town of Heidelberg, 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 Town of Heidelberg, Mississippi, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise Town of Heidelberg, Mississippi's basic financial statements and have issued our report thereon dated August 1, 2016.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Town of Heidelberg, 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 Town of Heidelberg, Mississippi's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Heidelberg, 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 questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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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 questioned costs to be material weaknesses. Findings 2015-1 through 2015-10.

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. We consider the deficiencies described in the accompany schedule of findings and questioned costs to be significant deficiencies. Findings 2015-11 through 2015-12.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of Heidelberg, Mississippi's financial statements are free from 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items. Findings 2015-13 through 2015-17.

### **Town of Heidelberg, Mississippi's Response to Findings**

Town of Heidelberg, Mississippi's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Responses. Town of Heidelberg, 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 results 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.

*Holt & Associates, PLLC*

August 1, 2016





**HOLT & ASSOCIATES, PLLC**  
CERTIFIED PUBLIC ACCOUNTANTS

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Julie M. Uher, CPA  
Kari M. Blackledge, CPA

H. I. Holt, CPA  
Founder (1915-1997)

**INDEPENDENT AUDITOR'S REPORT  
ON COMPLIANCE WITH STATE LAWS AND REGULATIONS**

Honorable Mayor, Members of the  
Board of Alderpersons and Town Clerk  
Town of Heidelberg, Mississippi

We have audited the financial statement of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Heidelberg, Mississippi as of and for the year ended September 30, 2015, and have issued our report thereon dated August 1, 2016. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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 results of those procedures performed to test compliance with certain other state laws and regulations and our audit of the financial statements did not disclose any immaterial instances of noncompliance with other state laws and regulations. However, our procedures did disclose material instances of noncompliance with state laws and regulations. Those findings and recommendations and your responses are listed as Findings 2015-13 through 2015-17 on the Schedule of Findings and Responses.

The Office of the State Auditor or a public accounting firm will review, on a subsequent year's audit engagement, the findings in this report to ensure that corrective action has been taken.

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This report is intended solely for the information and use of the management, town officials and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Holt & Associates, PLLC*

August 1, 2016

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**Town of Heidelberg, Mississippi  
Schedule of Findings and Responses  
For Year Ended September 30, 2015**

**SIGNIFICANT DEFICIENCIES CONSIDERED TO BE MATERIAL WEAKNESSES:**

**Finding 2015-01:**

Finding:

There is a limited accounting staff to properly segregate the duties normally required for an efficient internal control structure. However, due to the limited number of personnel, an adequate segregation of duties is not possible without additional costs.

Recommendation:

The cost of hiring additional personnel versus the benefit of a proper segregation of duties must be weighed.

Response:

Since the cost to hire additional personnel is cost prohibitive, this will continue to be a deficiency in future audits. Management considers sufficient internal controls are present.

**Finding 2015-02:**

Finding:

Deposits were not being made daily. In several instances, deposits were weeks or even months behind.

Recommendation:

We recommend the clerk to make deposits of money daily at the bank.

Response:

Clerks with the Town of Heidelberg will make deposits every day.

**Finding 2015-3:**

Finding:

Six bank accounts owned by the Town, Fire station grant account, bond fund account, grant fund account, Oktoberfest account, Industrial account, and Mayor's Youth Council account were not entered in the general ledger nor reconciled.

Recommendation:

All bank accounts owned by the Town should be recorded in the books of the town and reconciled in a timely manner.

Response:

All of the accounts of the Town of Heidelberg will be reconciled.



**Finding 2015-4:**

**Finding:**

In some instances, only one signature was on the checks. In cases where two signature are on the check, the mayor's signature is being stamped by the court clerk who is the second signature.

**Recommendation:**

Two signatures should be on every check. If the mayor's signature is stamped, then the other signature should be a board member. In no case, should the town clerk be stamping the mayor's signature.

**Response:**

There will be two signatures on all checks.

**Finding 2015-5:**

**Finding:**

Interfund payables do not balance. In some cases, interfund loans were classified as revenues/expenses causing the accounts to be out of balance.

**Recommendation:**

Interfund payable and receivable accounts should be reconciled each month.

**Response:**

All interfund payables will balance.

**Finding 2014-6:**

**Finding:**

In some instances, checks were written without appropriate backup documentation. Mileage reimbursements were paid without a mileage log. Credit card statements were paid without receipts or invoices attached to the statement. Also, some checks were written without any invoice or receipt for documentation.

**Recommendation:**

Checks should not be written unless all appropriate backup documentation is received. Mileage reimbursements should have a mileage log attached and the appropriate employee approval and signature. Checks should not be written for statements only. All statements should have invoices or receipts attached.

**Response**

Checks will not be written without proper documentation.



**Finding 2014-7:**

**Finding:**

The Town does not have a proper inventory listing of property, plant and equipment. Also, the town's assets required to be tagged are not tagged and maintained.

**Recommendation:**

The Town should develop a property inventory listing and all assets of the town should be tagged as town's property.

**Response**

The Town is developing a property inventory listing of all assets.

**Finding 2014-8:**

**Finding:**

Payroll is not being approved before payment is made.

**Recommendation:**

All payroll should be approved by the board.

**Response**

The Board will approve payroll and document in the minutes.

**Finding 2014-9:**

**Finding:**

The Town does not have an anti-fraud policy.

**Recommendation:**

The Town should compile and implement an anti-fraud policy.

**Response**

The Town will pass an anti-fraud policy

**Finding 2014-10:**

**Finding:**

The Town did not file and pay their payroll taxes in a timely manner causing penalties to be assessed and paid by the Town.

**Recommendation:**

The Town should ensure that all proper government forms and taxes are filed and paid timely to avoid penalties.



Response

The Town will file and pay all governmental forms and taxes timely.

**SIGNIFICANT DEFICIENCIES NOT CONSIDERED TO BE MATERIAL WEAKNESSES:**

**Finding 2014-11:**

Finding:

Adjustments to water bills are being made and are not approved in the board minutes.

Recommendation:

Adjustments of water and sewer bills should be approved by the board and documented in the board minutes.

Response

The Board will approve all adjustments of water and sewer bills and document such adjustments in the minutes.

**Finding 2014-12:**

Finding:

Employee files do not have proper documentation of eligibility for employment nor withholdings. All files should contain a properly completed I-9 form, employment application, copy of driver's license or other form of identification as well as W-4 and state withholding forms and retirement forms. Files should also contain approved pay amounts per the board minutes.

Recommendation:

All employee files should be updated and all forms properly contained in the personnel files.

Response

All of the employees have been given the proper forms to complete and will be placed in their individual files.

**MATERIAL NONCOMPLIANCE:**

**Finding 2014-13:**

Finding:

The Town Clerk did not maintain accurate records of the Town as prescribed in Section 21-35-11 of the MS Code Ann. (1972).

Recommendation:

The Town Clerk should properly maintain accurate books of the Town as prescribed in the MS Code.

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Response

The town clerk will maintain accurate books.

**Finding 2014-14:**

Finding:

The Town Clerk did not prepare monthly budget reports and present them at the monthly board meetings as prescribed in Section 21-35-13 of the MS Code Ann. (1972).

Recommendation:

The Town Clerk should prepare monthly financial reports as prescribed in the MS Code to the board at the monthly board meetings.

Response

The Town Clerk will prepare monthly budget reports and present them at the monthly board meetings as prescribed by law.

**Finding 2014-15:**

Finding:

The Town did not publish notification of tax levy or budget as prescribed in Section 21-33-7 and 27-39-205 of the MS Code Ann. (1972).

Recommendation:

The Town should properly publish notification of tax levy and the budget as prescribed in the MS Code.

Response

The Town will publish notification of tax levy and the budget as prescribed by law.

**Finding 2014-16:**

Finding:

The Town did not publish the notice for the audit report as prescribed in Section 21-35-31 of the MS Code Ann. (1972).

Recommendation:

The Town should properly publish notification of the audit report as prescribed in the MS Code.

Response

The Town will publish the notice for audit report as prescribed by law.



**Finding 2014-17:**

**Finding:**

The Town did not advertise for bids for the bank depository accounts of the town as prescribed in Section 27-105-1 of the MS Code Ann. (1972).

**Recommendation:**

The Town should advertise to request bids for the bank depository accounts of the town.

**Response**

The Town will advertise for bank depository every two years.

**Finding 2014-18:**

**Finding:**

The Town exceeded budgeted expenditures in the general and the enterprise funds. According to Section 21-35-15 of the MS Code Ann. (1972), expenditures shall not exceed budget, measured at the lowest level adopted in the budget.

**Recommendation:**

The Town should closely monitor its budget and amend as deemed appropriate ensuring that actual expenditures do not exceed those budgeted.

**Response**

The Board of Aldermen now receive a monthly budget to actual report which is monitored for budget overages.

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