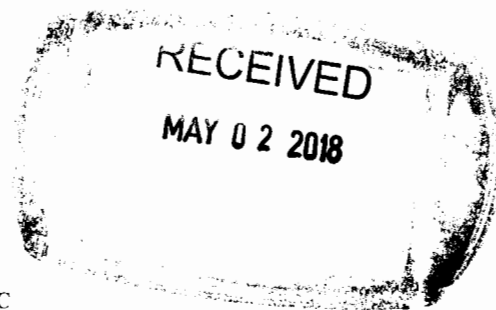




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City of Rolling Fork, Mississippi
Audited Financial Statements
and Special Reports
For the Year Ended
September 30, 2015



Fortenberry & Ballard, PC
Certified Public Accountants

City of Rolling Fork, Mississippi
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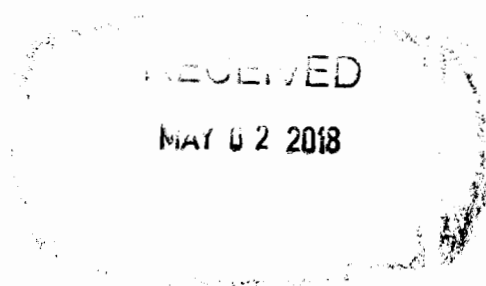
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INDEPENDENT AUDITOR'S REPORT

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FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
City of Rolling Fork, Mississippi

Report on the Financial Statements

We have audited the accompanying Statement of Cash Receipts and Disbursements of the City of Rolling Fork, Mississippi, for the year ended September 30, 2015, and the related notes to the financial statement, which collectively comprise the City of Rolling Fork 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 and the standards applicable to financial audits contained in *Governmental 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 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 Rolling Fork for the year ended September 30, 2015, in accordance with the basis of accounting described in Note A.

Basis of Accounting

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

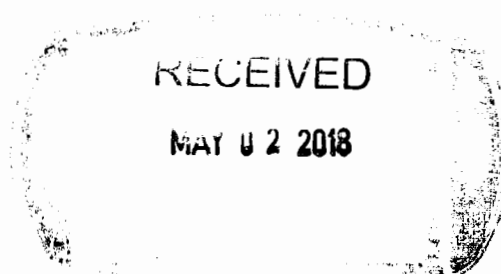
Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 17, 2018, on our consideration of the City of Rolling Fork'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 City of Rolling Fork's internal control over financial reporting and compliance.

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC
April 17, 2018

Certified Public Accountants



FINANCIAL STATEMENT

CITY OF ROLLING FORK, MISSISSIPPI
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
Governmental and Business-type Activities
For the Year Ended September 30, 2015

	GOVERNMENTAL ACTIVITIES				BUSINESS-TYPE ACTIVITIES	
	General Fund	Debt Service Fund	Other Governmental Funds	Total	Water & Sewer Fund	Total
RECEIPTS						
Taxes						
General property taxes	\$ 627,687	\$ 4,885	\$	\$ 632,572	\$	\$ -
Penalties and interest	10,735			10,735		-
In-lieu taxes	21,529			21,529		-
Licenses and permits	15,664			15,664		-
Intergovernmental revenues:						
General municipal aid	14,055			14,055		-
State shared revenues:						
Sales tax	414,991			414,991		-
Gasoline tax	28,905			28,905		-
Homestead Reimbursement	19,023			19,023		-
Liquor Privilege Tax	1,350			1,350		-
State Fire Rebate and Fire Protection			11,860	11,860		-
Police Training Reimbursement	3,600			3,600		-
County Fire Rebate			6,345	6,345		-
County Recreation			667	667		-
Charges for services						
Water and Sewer Receipts				-	509,825	509,825
Fines and forfeitures	16,693			16,693		-
Franchise Tax - Utilities	57,884			57,884		-
Rental Income and Leases	22,800			22,800		-
Insurance collections	4,104			4,104		-
Miscellaneous Revenue	9,580			9,580		-
Total Receipts	<u>1,268,600</u>	<u>4,885</u>	<u>18,872</u>	<u>1,292,357</u>	<u>509,825</u>	<u>509,825</u>

CITY OF ROLLING FORK, MISSISSIPPI
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
Governmental and Business-type Activities
For the Year Ended September 30, 2015

	GOVERNMENTAL ACTIVITIES				BUSINESS-TYPE ACTIVITIES	
	General Fund	Debt Service Fund	Other Governmental Funds	Total	Water & Sewer Fund	Total
DISBURSEMENTS						
General Government	450,495			450,495		-
Public Safety						
Police	438,928			438,928		-
Fire	22,032			22,032		-
Public Works						
Streets	218,072			218,072		-
Health and Welfare						
Public Health	12,712			12,712		-
Culture and Recreation						
Library			18,933	18,933		-
Parks			14,851	14,851		-
Visitor's Center	5,070			5,070		-
Enterprise						
Water and Sewer				-	359,199	359,199
Debt Service Payments	48,136			48,136	48,572	48,572
Total Disbursements	<u>1,195,445</u>	<u>-</u>	<u>33,784</u>	<u>1,229,229</u>	<u>407,771</u>	<u>407,771</u>
Excess (Deficiency) of Receipts Over Disbursements	73,155	4,885	(14,912)	63,128	102,054	102,054
CASH BASIS FUND BALANCE - BEGINNING	<u>566,333</u>	<u>(108,578)</u>	<u>13,990</u>	<u>471,745</u>	<u>408,165</u>	<u>408,165</u>
CASH BASIS FUND BALANCE - ENDING	<u><u>639,488</u></u>	<u><u>(103,693)</u></u>	<u><u>(922)</u></u>	<u><u>534,873</u></u>	<u><u>510,219</u></u>	<u><u>510,219</u></u>

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

City of Rolling Fork, Mississippi
Notes to the Financial Statement
For the Year Ended September 30, 2015

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City of Rolling Fork, 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 Rolling Fork operates under the Mayor-Board of Aldermen form of government and provides services as authorized by law. City's population on the 2010 census was 2,143. The accounting policies of the City of Rolling Fork 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 the cash 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 comprehensive basis of accounting other than generally accepted accounting principles in the United States of America.

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.

Note C: Defined Benefit Pension Plan

Plan Description

City of Rolling Fork 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

City of Rolling Fork, Mississippi

Notes to the Financial Statement
For the year ended September 30, 2015

obtained by writing to Public Employees' Retirement System of Mississippi, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

Funding Policy

At September 30, 2015, PERS members were required to contribute 9% of their annual covered salary, and the City 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 City's contributions (employer share only) to PERS for the years ending September 30, 2015, 2014 and 2013 were \$95,052, \$105,866, and \$84,033, respectively, equal to the required contributions for each year.

Note D: Contingencies

Litigation - The City is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate the outcome or liability, if any, of the City with respect to the various proceedings. However, the City's legal counsel believes that ultimately liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the City.

Note E: Economic Dependency

The City is a rural community located in the Mississippi Delta. It is dependent on property taxes and user fees from its residents to sustain its viability.

OTHER INFORMATION

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

Schedule 1

Fund	Description	Interest Rate	Acquisition Date	Maturity Date	Other Information	Investment Cost/Value
General Fund	Certificate of Deposit	0.70%	09/29/15	03/29/16	Bank of Anguilla \$	287,378
General Fund	Certificate of Deposit	0.65%	11/04/14	11/04/15	Bank of Anguilla	28,821
Water and Sewer Fund	Certificate of Deposit	0.65%	11/04/14	11/04/15	Bank of Anguilla	108,424
Water and Sewer Fund	Certificate of Deposit	0.65%	07/20/15	01/20/16	Bank of Anguilla	<u>512,629</u>
Total Investments						\$ <u>937,252</u>

City of Rolling Fork, Mississippi
Schedule of Changes in Long-term Debt
For the Year Ended September 30, 2015
UNAUDITED

Schedule 2

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2015:

<u>Description and Purpose</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance Oct. 1, 2014</u>	<u>Principal Payments</u>	<u>Balance Sept. 30, 2015</u>
A. Revenue Bonds:						
USDA Water System Revenue Bonds	6/5/2009	8/7/2046	3.00%	\$ 994,670	18,994	\$ 975,676
B. Other Loans:						
Bank of Anguilla #367219001	8/7/2014	8/7/2017	4.25%	131,793	43,343	88,450
				<u> </u>	<u> </u>	<u> </u>
Total				\$ <u>1,126,463</u>	<u>62,337</u>	\$ <u>1,064,126</u>

The accompanying notes to the Other Information are an integral part of this statement.

City of Rolling Fork, Mississippi
Schedule of Capital Assets
For the Year Ended September 30, 2015
UNAUDITED

Schedule 3

Capital assets were not adequately kept by the City.



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

Schedule 4

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Amount</u>
Eldridge Walker	Mayor	Travelers	\$ 50,000
Mary Corban	Alderman	Travelers	\$ 50,000
Charles Russell	Alderman	Travelers	\$ 50,000
LaDonna Sias	Alderman	Travelers	\$ 50,000
Calvin Stewart	Alderman	Travelers	\$ 50,000
Carolyn Washington	Alderman	Travelers	\$ 50,000
Dot Pearson	City Clerk	Travelers	\$ 50,000
	Tax Collector	Travelers	\$ 50,000
Sandra Nichols	Deputy City Clerk	Travelers	\$ 50,000
	Deputy Tax Collector	Travelers	\$ 50,000
Katie Alexander	Deputy City Clerk	Travelers	\$ 50,000
	Deputy Tax Collector	Travelers	\$ 50,000
Sharon Duckworth	Court Clerk	Travelers	\$ 50,000
Toni Borden Thomas	Deputy Court Clerk	Travelers	\$ 25,000
Cardell Hughes	Chief of Police	Travelers	\$ 50,000

City of Rolling Fork, Mississippi

Notes to the Other Information

For the year ended September 30, 2015

(1) Subsequent Events

Management has evaluated subsequent events through the date the financial statements were available to be issued.

Series 2015 \$1,100.00 Mississippi Development Bank Special Obligation Bonds were issued on September 29, 2015. Net proceeds received from the issuer totaled \$957,003.85 less 10 underwriter's discount of \$130,000 and net original discount of \$12,996.15 were deposited with the Trustee, Trustmark National Bank. Of this amount, \$150,000 was deposited into the 2015 Bond issuance Expense Account used to pay for costs of issuance. Also, \$108,441.94 was deposited into the 2015 Reserve/Capitalized Interest Fund Expense Account to pay for cost of issuance. On October 19, 2015, the Trustee deposited \$698,561.94 in bond proceeds into the Bank of Anguilla G.O. Bond Bank Account. Litigation is currently ongoing between the City and various entities and individual officials associated with this series of transactions.

On January 12, 2017, the City entered into a lease-purchase agreement with the Hancock Bank for \$104,747 at an interest rate of 1.97% to purchase a 2017 Mack truck. Thirty-six (36) monthly payments of \$1,058.91 start the following month with \$72,000 balloon payment due February 12, 2020.

SPECIAL REPORTS

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Members of the Board of Supervisors
City of Rolling Fork, 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 statement of the City of Rolling Fork, Mississippi, as of and for the year ended September 30, 2015, and the related notes to the financial statement, which collectively comprise the City's basic financial statement and have issued our report thereon dated April 17, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Rolling Fork, 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 opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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. Finding 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 City of Rolling Fork, Mississippi's financial statement is 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 no instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

City of Rolling Fork, Mississippi's Responses to Findings

City of Rolling Fork's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. City of Rolling Fork's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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.

Fortenberry & Ballard, PC

Fortenberry & Ballard PC
April 17, 2018

Certified Public Accountants

SCHEDULE OF FINDINGS AND RESPONSES

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City of Rolling Fork, Mississippi
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 weaknesses identified? Yes.
 - b. Significant deficiencies identified? None reported.
3. Noncompliance material to the financial statements noted? No.

Section II: Financial Statements Findings

The results of our tests disclosed the following findings related to financial statements that are required to be reported by *Government Auditing Standards*.

Finding 2015-001:

Material Weakness:

Preparation of financial statements.

Criteria:

An effective system of internal control includes financial statement preparation, presentation and reporting in accordance with the basis of accounting the City uses and should include all disclosures in the notes to the financial statement, proper classification of receipts and disbursements, and proper posting of transactions.

Condition:

Management is unable to prepare the basic financial statements prescribed and permitted by the Mississippi State Department of Audit. During our audit, we discovered a number of transactions that were not recorded correctly in the general ledger. Also, a number of transactions were misclassified in the financial accounting records.

Cause:

Lack of personnel with the ability to prepare financial statements.

Effect:

It was necessary for us to recommend adjusting journal entries in order to adjust receipts and disbursements accounts to actual.

Recommendation:

Management should give proper consideration to classifications used so that amounts are recorded correctly. Also, accounting personnel should be trained in the preparation of financial statements in the prescribed form.

Response:

The City will receive from the auditor the necessary adjusting entries. In the future, the Clerk will work monthly with the mayor, auditor, or BBI, Inc. to make corrections in a timely matter.

Finding 2015-002:

The County should maintain adequate capital assets records.

Material Weakness

Criteria:

An effective system of internal control should include adequate capital assets records documenting the existence, completeness, and valuation of capital assets as well as the depreciation of these assets.

Condition:

Control procedures were inadequate for maintaining adequate records documenting the City's capital assets.

Cause:

Controls were not in place to ensure the City's records were adequately documented and maintained.

Effect:

The failure to maintain an accurate record of capital assets could result in the reporting of inaccurate amounts and increases the possibility of the loss or misappropriation of public funds.

Recommendation:

The City should establish adequate control procedures to document the existence, completeness, and valuation of capital assets.

Response:

The City will create a capital assets ledger.

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AUDITEE'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

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City of Rolling Fork

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Rolling Fork, MS 39159

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Fax Number: 662-873-2920

Email: rolnfork@bellsouth.net

Mayor: A Fredrick Miller, Jr

City Clerk: Sandra M. Nichols

Deputy Clerks: Katie Alexander and Linda Briscoe

Alderwomen: Jowilla Secoy, LaDonna Sias &
Carolyn Washington

Aldermen: Charles Russell & Calvin Stewart

AUDITEE'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

AS REQUIRED, THE City of Rolling Fork has prepared and hereby submits the following summary schedule of the prior audit findings as of September 30, 2015:

<u>Finding</u>	<u>Status</u>
2014-001	Not corrected (See Finding #2015-01)

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THE CITY OF ROLLING FORK IS AN EQUAL OPPORTUNITY PROVIDER AND EMPLOYER