



The following document was not prepared by the Office of the State Auditor, but was prepared by and submitted to the Office of the State Auditor by a private CPA firm. The document was placed on this web page as it was submitted. The Office of the State Auditor assumes no responsibility for its content or for any errors located in the document. Any questions of accuracy or authenticity concerning this document should be submitted to the CPA firm that prepared the document. The name and address of the CPA firm appears in the document.

City of Rosedale
Financial Statements
September 30, 2015

Ellis & Hirsberg
Certified Public Accountants, PLLC
Clarksdale, Mississippi

RECEIVED

OCT 07 2015

**CITY OF ROSEDALE, MISSISSIPPI
TABLE OF CONTENTS**

	<u>Page</u>
FINANCIAL SECTION:	
Independent Auditors' Report	1
BASIC FINANCIAL STATEMENTS:	
Government-Wide Financial Statements:	
Statement of Activities and Net Position - Cash Basis	4
Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Balances and Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances	7
Notes to Financial Statements	11
REQUIRED SUPPLEMENTARY INFORMATION:	
Supplemental Information:	
Schedule of Surety Bonds for Municipal Officials	19
Schedule of Capital Assets	20
COMPLIANCE SECTION:	
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 <i>Government Auditing Standards</i>	21
Schedule of Findings and Responses	24
Independent Auditors' Report on Compliance with State Laws and Regulations	25

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council
City of Rosedale
Rosedale, Mississippi

Report on the Financial Statements

We have audited the accompanying cash basis 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, 2015, 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 basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements 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 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 cash basis 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, 2015, and the respective changes in financial position for the year then ended in accordance with the cash 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.

Basis of Accounting

We draw attention to Note 1 of the financial statements that describes the basis of accounting. The financial statements are prepared in accordance with 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 this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2016 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.



Clarksdale, Mississippi
September 30, 2016

CITY OF ROSEDALE, MISSISSIPPI
STATEMENTS OF ACTIVITIES AND NET POSITION - CASH BASIS
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2015

Functions/Programs	Program Cash Receipts				Net (Disbursements) Revenue & Changes in Net Assets		
	Charges	Capital	Operating	Business-			
	for	Grants &	Grants &	Governmental	Type		
	Disbursements	Services	Contributions	Contributions	Activities	Activities	Total
PRIMARY GOVERNMENT:							
Governmental Activities:							
General Government	\$	221,476			(221,476)		(221,476)
Public Safety		317,884	37,944		(279,940)		(279,940)
Public Works		87,370			(87,370)		(87,370)
Sanitation		100,878	89,339		(11,539)		(11,539)
Education & Recreation		25,984			(25,984)		(25,984)
Economic Development		73,600	73,600				0
Total Governmental Activities		827,192	127,283	73,600	0	(626,309)	0
Business-type Activities:							
Water & Sewer		219,064	239,927			20,863	20,863
Total Business-type Activities		219,064	239,927	0	0	20,863	20,863
Total Primary Government	\$	1,046,256	367,210	73,600	0	(626,309)	20,863
GENERAL RECEIPTS:							
Transfers In/Out	\$	7,000			(7,000)		0
Ad Valorem Taxes		433,841					433,841
Sales Tax		121,879					121,879
Franchise Taxes		42,291					42,291
Homestead Exemption Reimbursement		31,136					31,136
Licenses & Permits		2,065					2,065

CITY OF ROSEDALE, MISSISSIPPI
 STATEMENTS OF ACTIVITIES AND NET POSITION - CASH BASIS
 AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2015

<u>Functions/Programs</u>	<u>Program Cash Receipts</u>			<u>Net (Disbursements) Revenue & Changes in Net Assets</u>		
	<u>Charges</u>	<u>Capital</u>	<u>Operating</u>	<u>Business-</u>		
	<u>Cash</u>	<u>Grants &</u>	<u>Grants &</u>	<u>Governmental</u>	<u>Type</u>	
	<u>Disbursements</u>	<u>Services</u>	<u>Contributions</u>	<u>Contributions</u>	<u>Activities</u>	<u>Total</u>
Unrestricted Investment Income					177	190 367
Intergovernmental					30,340	30,340
Miscellaneous					59,156	59,156
Total General Receipts					<u>727,885</u>	<u>(6,810) 721,075</u>
Changes in Net Position					101,576	14,053 115,629
Net Position - Beginning					<u>312,923</u>	<u>99,904 412,827</u>
Net Position - Ending					<u>\$ 414,499</u>	<u>113,957 528,456</u>

The accompanying notes are an integral part of this statement.

CITY OF ROSEDALE, MISSISSIPPI
STATEMENTS OF ACTIVITIES & NET POSITION - CASH BASIS - CONTINUED
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Governmental Activities	Business- type Activities	Total
ASSETS:			
Cash & Cash Equivalents	\$ 179,659	57,033	236,692
Restricted Cash	<u>234,840</u>	<u>56,924</u>	<u>291,764</u>
Total Assets	\$ <u><u>414,499</u></u>	<u><u>113,957</u></u>	<u><u>528,456</u></u>
NET POSITION			
Restricted for Bond & Interest	\$ 101,517		101,517
Restricted for Garbage	1,467		1,467
Restricted for Fire Prevention	97,303		97,303
Restricted for Parks & Recreation	28,609		28,609
Restricted for Meter Deposits		11,013	11,013
Restricted for Library	1,105		1,105
Restricted for Federal Projects	4,839		4,839
Restricted for Water & Sewer Bonds		45,911	45,911
Unrestricted		57,033	57,033
Unassigned	<u>179,659</u>		<u>179,659</u>
Total Net Position	\$ <u><u>414,499</u></u>	<u><u>113,957</u></u>	<u><u>528,456</u></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, 2015

	Governmental Activities					Business-Type Activities		
	General Fund	Garbage Disposal Fund	Debt Service Fund	Federal Projects Fund	Other Nonmajor Funds	Total	Water & Sewer Fund	Total
RECEIPTS								
Taxes - Ad Valorem	\$ 348,922		49,952		34,967	433,841		
Franchise Fees - Utilities & Cable	42,291					42,291		
Licenses & Permits	2,065					2,065		
Homestead Exemption Reimbursement	24,981		3,621		2,534	31,136		
ABC - Permit	900					900		
General Sales Tax	121,879					121,879		
Municipal Aid	934					934		
Motor Vehicle Fuel Taxes	5,385					5,385		
Fire Insurance Premium Taxes					10,191	10,191		
Grand Gulf	12,930					12,930		
Charges for Services:								
Garbage		89,339				89,339		
Water & Sewer							226,009	226,009
Fines & Forfeits	37,944					37,944		
Interest			88		89	177	190	190
CDBG Grant Income				73,600		73,600		
Rents	7,373					7,373		
Other Revenue	36,683				15,100	51,783	13,918	13,918
Total Receipts	642,287	89,339	53,661	73,600	62,881	921,768	240,117	240,117

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, 2015

Governmental Activities						Business-Type Activities	
General Fund	Garbage Disposal Fund	Debt Service Fund	Federal Projects Fund	Other Nonmajor Funds	Total	Water & Sewer Fund	Total

DISBURSEMENTS

General Government:							
Salaries & Employee Benefits	104,863				104,863		
Supplies	1,483				1,483		
Telephone & Utilities	5,668				5,668		
Insurance	71,593				71,593		
Other Services & Charges	37,869				37,869		
Public Safety - Police:							
Salaries & Employee Benefits	209,876				209,876		
Supplies & Fuel	21,317				21,317		
Fine Settlements	12,940				12,940		
Other Services & Charges	52,673				52,673		
Capital Outlay-Vehicle	4,500				4,500		
Public Safety - Fire:							
Repairs & Operating Supplies				1,805	1,805		
Telephone & Utilities				3,705	3,705		
Other Services & Charges				3,262	3,262		
Capital Outlay				7,806	7,806		
Public Works - Streets:							
Salaries & Employee Benefits	7,711				7,711		
Utilities	70,739				70,739		
Other Services & Charges	8,920				8,920		
Public Works - Sanitation:							
Garbage Disposal		100,878			100,878		
Parks & Recreation							
Contract Services				4,040	4,040		

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, 2015

	Governmental Activities					Business-Type Activities		
	General Fund	Garbage Disposal Fund	Debt Service Fund	Federal Projects Fund	Other Nonmajor Funds	Total	Water & Sewer Fund	Total
Repairs & Supplies					4,872	4,872		
Other Services & Charges					1,422	1,422		
Capital Outlay					4,000	4,000		
Library Support					11,650	11,650		
Enterprises - Water & Sewer:								
Salaries & Employee Benefits							76,946	76,946
Repairs & Operating Supplies							22,213	22,213
Utilities & Telephone							32,799	32,799
Contractual Services							14,794	14,794
Other Services & Charges							20,605	20,605
Interest & Fees							30,621	30,621
Federal Expenditures:								
HOME Project				73,600		73,600		0
Total Disbursements	610,152	100,878	0	73,600	42,562	827,192	197,978	197,978
Excess of Receipts Over (Under)								
Disbursements	32,135	(11,539)	53,661	0	20,319	94,576	42,139	42,139
OTHER CASH SOURCES (USES)								
Debt Repaid - Principal						0	(21,086)	(21,086)
Transfers In	15,000	12,500			1,500	29,000		
Transfers Out	(7,000)		(15,000)			(22,000)	(7,000)	(7,000)
Total Other Cash Sources (Uses)	8,000	12,500	(15,000)	0	1,500	7,000	(28,086)	(28,086)

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, 2015

	Governmental Activities						Business-Type Activities	
	General Fund	Garbage Disposal Fund	Debt Service Fund	Federal Projects Fund	Other Nonmajor Funds	Total	Water & Sewer Fund	Total
Excess (Deficiency) of Receipts and Other Cash Sources Over Disbursements and Other Cash Uses	40,135	961	38,661	0	21,819	101,576	14,053	14,053
Cash Basis Fund Balance - Beginning of Year	<u>139,524</u>	<u>505</u>	<u>62,856</u>		<u>110,038</u>	<u>312,923</u>	<u>99,904</u>	<u>99,904</u>
Cash Basis Fund Balance - End of Year	<u>\$ 179,659</u>	<u>1,466</u>	<u>101,517</u>	<u>0</u>	<u>131,857</u>	<u>414,499</u>	<u>113,957</u>	<u>113,957</u>
Cash Basis Assets - End of Year								
Cash and Cash Equivalents	\$ 179,659					179,659	57,033	57,033
Restricted Cash		1,466	101,517		131,857	234,840	56,924	56,924
Total Cash Basis Assets	<u>\$ 179,659</u>	<u>1,466</u>	<u>101,517</u>	<u>0</u>	<u>131,857</u>	<u>414,499</u>	<u>113,957</u>	<u>113,957</u>
Cash Basis Fund Balance - End of Year								
Restricted	\$	1,466	101,517		131,857	234,840	56,924	56,924
Unassigned	179,659					179,659		
Unrestricted							57,033	57,033
Total Cash Basis Fund Balances	<u>\$ 179,659</u>	<u>1,466</u>	<u>101,517</u>	<u>0</u>	<u>131,857</u>	<u>414,499</u>	<u>113,957</u>	<u>113,957</u>

The accompanying notes are an integral part of this statement.

**CITY OF ROSEDALE, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

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 position - 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 cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Governmental fund financial statements are reported using the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

**CITY OF ROSEDALE, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

The cash basis of accounting differs from GAAP primarily because revenues (cash receipts) are recognized when received in cash rather than when earned and susceptible to accrual and expenditures or expenses (cash disbursements) are recognized when paid rather than when incurred or subject to accrual.

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.

**CITY OF ROSEDALE, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

C. Assets and Net Position or Fund Balance

Cash and Investments

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

Net Position

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

Restricted net position - 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 position - all other net assets of governmental activities are reported in this category.

Unrestricted net position - 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, 2015**

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, 2015 was 69.82 mills for general purposes, 10.00 mills for bond and interest, 2.00 mills for the library maintenance, 2.00 mills for maintaining parks, playgrounds, and recreational purposes, 3.00 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, 2015, 2014, and 2013, were \$48,654, \$50,700, and \$47,290, 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 <u>Oct. 1, 2014</u>	<u>Issued</u>	<u>Redeemed</u>	Balance Outstanding <u>Sept. 30, 2015</u>
<u>Revenue Bonds</u>					
3-10-88	Combined Water & Sewer System Bond	54,838		5,855	48,983

CITY OF ROSEDALE, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

8-4-04	Combined Water & Sewer System Bond	<u>639,162</u>	<u>15,231</u>	<u>623,931</u>
	<u>Subtotal</u>	<u>694,000</u>	<u>0</u>	<u>672,914</u>
	<u>Total</u>	<u>\$ 694,000</u>	<u>0</u>	<u>672,914</u>

Long-term debt at September 30, 2015, in the Enterprise Fund is comprised of the following:

	<u>Revenue Bonds</u>
Bonds Payable at October 1, 2014	694,000
Repayment	<u>(21,086)</u>
Bonds Payable at September 30, 2015	<u>672,914</u>

Bonds payable at September 30, 2015, 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	48,983
\$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>623,931</u>
Total	<u>672,914</u>

The annual requirements to amortize all long-term debt outstanding as of September 30, 2015, are as follows:

CITY OF ROSEDALE, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

<u>Year Ending September 30,</u>	<u>Enterprise Fund</u>		<u>Total Principal & Interest</u>
	<u>Principal</u>	<u>Interest</u>	
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	25,306	26,236	51,542
2021 - 2025	117,441	113,910	231,351
2026 - 2030	127,332	88,190	215,522
2031 - 2035	158,679	56,843	215,522
2036 - 2039	153,749	14,481	168,230
Totals	<u>672,914</u>	<u>416,081</u>	<u>1,088,995</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 9-30-15</u>	<u>Amount of Reserve At 9-30-15</u>
Note payable Farm Service Agency		
#93-03	6,300	7,911
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, 2015 certificates of deposit were as follows:

<u>WATER AND SEWER FUND:</u>	<u>Fair Value</u>
.35% Water Deposit Fund - Matures 12-19-15	10,000
.35% Water & Sewer Bond - Matures 12-19-15	38,000
.20% Bond Cushion - Matures 7-26-16	<u>6,794</u>
Total	<u>54,794</u>

**CITY OF ROSEDALE, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 6 - CASH AND OTHER DEPOSITS

The carrying amount of the City's deposits with financial institutions was \$528,456 and the bank balance was \$599,204.

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, 2015**

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

Events that occurred after the statement of activities and net position, cash basis, date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of net position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the statement of net position date require disclosure in the accompanying notes. Management of the City of Rosedale evaluated the activity of the City through September 30, 2016 and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements.

“Unaudited”

CITY OF ROSEDALE, MISSISSIPPI
SCHEDULE OF SURETY BONDS FOR MUNICIPAL OFFICIALS
SEPTEMBER 30, 2015

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Bond</u>
Carey G. Estes	Mayor	Western Surety Co. & Travelers Casualty & Surety Co. Of America \$	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	Travelers Casualty & Surety Co. Of America	50,000
Gregory Johnson	Councilman	Travelers Casualty & Surety Co. Of America	50,000
Alex W. Booth	Councilman	Travelers Casualty & Surety Co. Of America	50,000
James Bolden	Councilman	Travelers Casualty & Surety Co. Of America	50,000

"Unaudited"

CITY OF ROSEDALE, MISSISSIPPI
SCHEDULE OF CAPITAL ASSETS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital Assets:				
Land	\$ 60,166			60,166
Buildings	677,636		24,097	653,539
Police Cars	23,247	4,500	15,948	11,799
Machinery and equipment	18,545	11,806	5,799	24,552
Infrastructure	<u>489,960</u>		<u>48,709</u>	<u>441,251</u>
Total Governmental activities capital assets	\$ <u>1,269,554</u>	<u>16,306</u>	<u>94,553</u>	<u>1,191,307</u>
Business-type activities				
Capital Assets:				
Machinery and equipment	\$ 44,274		5,209	39,065
Water and Sewer System	<u>1,027,854</u>		<u>99,818</u>	<u>928,036</u>
Total Business-type activities capital assets	\$ <u>1,072,128</u>	<u>0</u>	<u>105,027</u>	<u>967,101</u>

**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, 2015, 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 30, 2016. 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 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.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and responses that we consider to be a material weakness, which is reported as Finding 15-1.

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*.

City's Response to the Finding

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.

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.

Ellen P. Kelly CPA PLLC

Clarksdale, Mississippi
September 30, 2016

**CITY OF ROSEDALE, MISSISSIPPI
SCHEDULE OF FINDINGS AND RESPONSES
SEPTEMBER 30, 2015**

15-1 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, 2015, 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 30, 2016, 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, City Council, 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 30, 2016

