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**City of Durant, Mississippi**  
**Audited Financial Statement**  
**For the Year Ended on September 30, 2016**

**Fortenberry & Ballard, P.C.**  
**Certified Public Accountants**

**City of Durant, Mississippi**  
**Audited Financial Statement**  
September 30, 2016  
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## INDEPENDENT AUDITORS' REPORT

FORTENBERRY & BALLARD, PC  
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Board of Aldermen  
City of Durant  
Durant, Mississippi

**Report on the Financial Statement**

We have audited the accompanying Statement of Cash Receipts and Disbursements, of the City of Durant, Mississippi, for the year ended September 30, 2016, and the related notes to the financial statement, which collectively comprise the City of Durant basic financial statement as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the cash basis of accounting described in Note A; this includes determining that the modified 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 fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

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

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## **Opinion**

In our opinion the financial statement referred to above present fairly, in all material respects, the respective cash basis financial position of the City of Durant for the year ended September 30, 2016, in accordance with the cash 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 modified 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 Matters**

### *Other Information*

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 1, 2018 on our consideration of the City of Durant's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Durant's internal control over financial reporting and compliance.

*Fortenberry & Ballard, PC*

Fortenberry & Ballard, PC  
October 1, 2018

Certified Public Accountants

## FINANCIAL STATEMENT

**CITY OF DURANT, MISSISSIPPI**

**COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (ALL FUNDS)**  
**For the Year Ended September 30, 2016**

**RECEIPTS**

Taxes	
General property taxes	\$ 933,525
Licenses and permits	9,518
Intergovernmental revenues:	
Federal receipts	
CDBG	368,234
FEMA	997
State shared revenues:	
Sales taxes	418,156
Gasoline tax	8,019
Homestead Reimbursement	38,110
Liquor Privilege Tax	1,800
State Fire Rebate and Fire Protection	17,143
Nuclear Plant Payment	2,046
County Fire Rebate	184
Charges for services:	
Electric, Water, Sewer and Garbage Utilities	3,239,812
Fines and forfeits	73,656
Rental Income	45,319
Historial Preservation	20,738
Activity Fund	1,723
Excel by 5 Coallition	7,253
Total Receipts	<u>5,186,233</u>

**DISBURSEMENTS**

General government	1,085,235
Public safety	
Police	390,025
Fire	170,539
Public Works - Streets	221,308
Culture and recreation	
Parks	76,758
Library	78,381
Legal	13,590
Historical Preservation	42,473
Activity Fund	4,272
Excel by 5 Coallition	2,315
Special Revenue	8,344
Enterprises	
Electric, Water, Sewer and Garbage Utilities	2,286,486
Debt Service Payments	79,918
Total Disbursements	<u>4,459,644</u>

Excess (Deficiency) of Receipts Over Disbursements	<u>726,589</u>
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**OTHER FINANCING SOURCES/USES**

CDBG	<u>(365,749)</u>
Total Other Financing Sources (Uses)	<u>(365,749)</u>

Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses	<u>360,840</u>
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CASH BASIS FUND BALANCE - BEGINNING	242,232
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CASH BASIS FUND BALANCE - ENDING	<u>\$ 603,072</u>
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The Notes to the Financial Statement are an integral part of this statement

2013





**City of Durant, Mississippi**  
Notes to the Financial Statement  
For the Year Ended September 30, 2016

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## **City of Durant, Mississippi**

Notes to the Financial Statement  
For the Year Ended September 30, 2016

### **Note A: Summary of Significant Accounting Policies**

#### **General Information**

The City of Durant operates under the Mayor-Board of Alderman form of government and provides services as authorized by law. City's population on the 2011 census was 2,673. The accounting policies of the City of Durant conform to the laws of Mississippi for a municipality with a population of less than 3,000. The following is a summary of the more significant policies.

#### **Reporting Entity**

The financial statement of the City consists of all the funds of the City. There are no component units or related organizations included in the statement as they do not fit the criteria for such inclusion.

#### **Fund Accounting**

The accounts of the City are organized on the basis of the funds, each of which is considered a separate accounting entity.

#### **Basis of Accounting**

The financial statement is prepared on a cash receipts and disbursements basis, as prescribed by the Office of the State Auditor. Consequently, certain receipts are recognized when received rather than when earned and certain disbursements are recognized when paid rather than when the obligation is incurred. Cash receipts and disbursements is a basis of accounting other than generally accepted accounting principles.

### **Note B: Report Classifications**

Receipts and disbursements were classified according to requirements for small towns in the State of Mississippi as prescribed by the Office of the State Auditor.

## OTHER INFORMATION

**Schedule 1**

**City of Durant, Mississippi**  
**Schedule of Investments - All Funds**  
**September 30, 2016**  
**UNAUDITED**

<u>Ownership</u>	<u>Type of Investment</u>	<u>Interest Rate</u>	<u>Acquisition Date</u>	<u>Maturity Date</u>	<u>Other Information</u>	<u>Investment Cost/Value</u>
General Fund	Certificate of Deposit	0.245%	6/17/2009	1/17/2017	Renasant Bank	\$ <u>15,703</u>

**City of Durant, Mississippi**  
**Schedule of Capital Assets\***  
For the Fiscal Year Ended September 30, 2016  
**UNAUDITED**

**Schedule 2**

<b>Governmental activities:</b>	<u>Beginning</u>	<u>Adjustments</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets:				
Land	\$ 0			0
Construction in process	0			0
Buildings	0			0
Machinery and Equipment	430,537			430,537
Infrastructure	0			0
<b>Total Governmental activities capital assets</b>	<b>\$ 430,537</b>	<b>0</b>	<b>0</b>	<b>430,537</b>
 <b>Business-type activities:</b>				
Capital Assets:				
Land	\$ 0			0
Construction in process	0			0
Buildings	0			0
Machinery and Equipment	0			0
Infrastructure	0			0
<b>Total Business-type activities capital assets</b>	<b>\$ 0</b>	<b>0</b>	<b>0</b>	<b>0</b>

\* City does not maintain capital assets records and amounts for Land, Buildings or Infrastructure.

**City of Durant, Mississippi**  
**Schedule of Long-Term Debt**  
For the Fiscal Year Ended September 30, 2016  
**UNAUDITED**

**Schedule 3**

	<u>Definition and Purpose</u>	<u>Balance Outstanding October 1, 2015</u>	<u>Prior Period Adjustment</u>	<u>Transactions during fiscal year</u>		<u>Balance Outstanding September 30, 2016</u>
				<u>Issued</u>	<u>Redeemed</u>	
<b>Other Long-term Debt:</b>						
Capital Improvements Loan, Series 2008 - MDA	Water system	\$ 211,463			9,352	202,111
Holmes County Bank & Trust Co 402952700	Commercial Truck	202,618			31,929	170,689
N/P Hancock Bank	Lawn Mower	6,845	(303)		6,542	0
Altec Lease						
<b>Total</b>		<u>\$ 420,926</u>	<u>(303)</u>	<u>-</u>	<u>47,823</u>	<u>372,800</u>

\* City does not maintain debt records.

## Schedule 4

**City of Durant, Mississippi**  
**Schedule of Surety Bonds for Municipal Officials**  
**September 30, 2016**  
**UNAUDITED**

<u>Name</u>	<u>Position</u>	<u>Surety</u>	<u>Bond Amount</u>
Tasha Davis	Mayor	Travelers	\$ 100,000
Leatha Patterson, Jr.	Alderman	Travelers	100,000
Ronnie Gladney	Alderman	Travelers	100,000
Henry Robinson, Jr.	Alderman	Travelers	100,000
Linda McDonald	Alderman	Travelers	100,000
Jo Nell Payton	Alderman	Western Surety	100,000
Ursula Holley	City Clerk	Travelers	50,000
John Haynes	Police Chief	Travelers	50,000
John Smith	Asst. Chief	Travelers	50,000
Latasha Landfair	Clerk	Travelers	50,000
Shannon Gallagher	Court Clerk	Western Surety	50,000
Craig Smith	Payroll Clerk	Travelers	50,000
Mark Wellman	Fire Chief	Travelers	50,000
Larry Gladney	Dispatcher	Travelers	50,000
Robert Greer	Dispatcher	Travelers	50,000
Charles T. Pender, Jr.	Policeman	Travelers	50,000
Willie C. Collins	Policeman	Travelers	50,000
Phillip Boatman	Policeman	Travelers	50,000
Zelie Shaw	Policeman	Travelers	50,000
J. W. Greer	Policeman	Travelers	50,000
James McDonald	Policeman	Travelers	50,000
Odesser Young	Dispatcher	Travelers	50,000
Sidney Randle	Senior Officer	Travelers	50,000



## REPORTS ON INTERNAL CONTROL AND COMPLIANCE

FORTENBERRY & BALLARD, PC  
CERTIFIED PUBLIC ACCOUNTANTS

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

Honorable Mayor and Board of Aldermen  
City of Durant  
Durant, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Statement of Cash Receipts and Disbursements of the City of Durant, Mississippi as of and for the year ended September 30, 2016, and the related notes to the Statement of Cash Receipts and Disbursements, and have issued our report thereon dated October 1, 2018.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statement, we considered the City of Durant's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Durant's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Durant's internal control.

*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 certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as Findings 2016-001 and 2016-002 to be material weaknesses.

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## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Durant, 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 are required to be reported under *Government Auditing Standards*. However, we noted certain instances of noncompliance or other matters that we reported to management of the City of Durant, Mississippi, in the Independent Auditor's Report on Compliance with State Laws and Regulations dated October 1, 2018, included within this document.

## **City of Durant's Responses to Findings**

The City of Durant's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The City of Durant's responses were not subjected to the auditing procedures applied in the audit of the financial statement 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 City of Durant's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Durant's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Fortenberry & Ballard, PC*

Fortenberry & Ballard, PC  
October 1, 2018

Certified Public Accountants

FORTENBERRY & BALLARD, PC  
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT  
ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

Honorable Mayor and Board of Aldermen  
City of Durant  
Durant, Mississippi

We have audited the Statement of Cash Receipts and Disbursements of the City of Durant, Mississippi for the year ended September 30, 2016 and have issued our report dated October 1, 2018. We have conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*.

As required by the state legal compliance audit program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain state laws and regulations. However, providing an opinion on compliance with state laws and regulations was not an objective of our audit and, accordingly, we do not express such an opinion.

The result of those procedures and our audit of the Statement of Cash Receipts and Disbursements disclosed the following material instances of noncompliance with state laws and regulations. Our findings and recommendations and your responses are as follows:

**Finding 1**

Criteria:

Section 21-15-38, Mississippi Code Annotated (1972), states that different individuals should be properly bonded.

Condition:

During the course of our audit, we found one (1) individual, one Alderman that was not bonded.

Cause:

The cause of the above condition is primarily due to management noncompliance with Section 21-15-38, Mississippi Code Annotated (1972).

Effect:

The City was not indemnified from certain potential losses.

Recommendation:

The City should comply with Section 21-15-38, Mississippi Code Annotated (1972).

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Response:

Aldерwoman JoNell Payton passed away during the time of audit. She was bonded until she passed away. The month Aldерwoman Payton passed away was the month of her upcoming renewal date.

**Finding 2**

Criteria:

According to Section 17-17-348, Mississippi Code Annotated (1972), the municipalities should publish a detailed itemized report of all revenues, costs and expenses incurred by the municipality in operating garbage, rubbish collection or disposal systems.

Condition:

The City failed to publish this report.

Cause:

The cause of the above condition is primarily due to management noncompliance with Section 17-17-348, Mississippi Code Annotated (1972).

Effect:

This caused the City to be in noncompliance with Section 17-17-348, Mississippi Code Annotated (1972).

Recommendation:

The City should comply with Section 17-17-348, Mississippi Code Annotated (1972).

Response:

The City of Durant is contracted with Waste Management for the garbage disposal. We are invoiced each month by them and only responsible for the billing on the invoice. In the future, we will ask waste management for reports to be published in the paper. An itemized budget will be published forthgoing.

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

The City of Durant, Mississippi's responses to the findings included in this report were not audited and, accordingly, we express no opinion on them.

This report is intended for the information of the City's management, Board of Aldermen and the Office of the State Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

*Fortenberry & Ballard, PC*

Fortenberry & Ballard, PC  
October 1, 2018

Certified Public Accountants

## SCHEDULE OF FINDINGS AND RESPONSES

## City of Durant, Mississippi

### Schedule of Findings and Responses For the Year Ended September 30, 2016

#### Section I: Summary of Auditor's Results

##### Financial Statements:

1. Type of auditor's report issued: Unmodified.
2. Internal control over financial reporting:
  - a. Material weakness(es) identified? Yes
  - b. Significant deficiency(ies) identified? None reported.
3. Noncompliance material to financial statements noted? No.

#### Section II: Financial Statement Findings

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

##### **Material Weaknesses:**

##### **Finding 2016-001**

##### Condition:

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

##### Criteria:

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

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

##### Effect:

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

##### Cause:

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

##### Recommendation:

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

Response:

The City of Durant has an inventory list in place and at the present time working on the capital asset inventory.

**Finding 2016-002**

Condition:

During the course of our audit, we noted inadequate controls over accounts payables. There were 16 instances of missing documentation, 11 instances in which no invoices were provided, 3 instances in which invoices were paid after 45 days, and 1 instance of no bids/quotes.

Criteria:

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

Effect:

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

Cause:

Internal control activities were not followed and maintained.

Recommendation:

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

Response:

During the course of the audit period, the Mayor and Board of Alderman identified and corrected situation dealing with invoices being paid in a timely manner and suitable documentation dealing with invoices by changing personnel for that department.