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City of Rosedale
Financial Statements
September 30, 2016

Ellis & Hirsberg
Certified Public Accountants, PLLC
Clarksdale, Mississippi

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**CITY OF ROSEDALE, MISSISSIPPI
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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, 2016, 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, 2016, 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 29, 2017 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.

A handwritten signature in black ink, appearing to read "S. L. ...", is positioned to the right of the main text block.

Clarksdale, Mississippi
September 29, 2017

CITY OF ROSEDALE, MISSISSIPPI
 STATEMENTS OF ACTIVITIES AND NET POSITION - CASH BASIS
 AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2016

Functions/Programs	Program Cash Receipts			Net (Disbursements) Revenue & Changes in Net Assets			
	Cash Disbursements	Charges for	Capital Grants & Contributions	Operating Grants & Contributions	Governmental Activities	Business-Type Activities	Total
		Services					
PRIMARY GOVERNMENT:							
Governmental Activities:							
General Government	\$ 228,210				(228,210)		(228,210)
Public Safety	390,674	38,569		39,000	(313,105)		(313,105)
Public Works	76,749				(76,749)		(76,749)
Sanitation	100,941	94,046			(6,895)		(6,895)
Education & Recreation	30,050				(30,050)		(30,050)
Total Governmental Activities	<u>826,624</u>	<u>132,615</u>	<u>0</u>	<u>39,000</u>	<u>(655,009)</u>	<u>0</u>	<u>(655,009)</u>
Business-type Activities:							
Water & Sewer	224,355	234,802				10,447	10,447
Total Business-type Activities	<u>224,355</u>	<u>234,802</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>10,447</u>	<u>10,447</u>
Total Primary Government	\$ <u>1,050,979</u>	<u>367,417</u>	<u>0</u>	<u>39,000</u>	<u>(655,009)</u>	<u>10,447</u>	<u>(644,562)</u>
GENERAL RECEIPTS:							
Ad Valorem Taxes				\$ 417,617			417,617
Sales Tax				122,494			122,494
Franchise Taxes				36,579			36,579
Homestead Exemption Reimbursement				31,293			31,293
Licenses & Permits				3,724			3,724
Unrestricted Investment Income				98		193	291

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CITY OF ROSEDALE, MISSISSIPPI
 STATEMENTS OF ACTIVITIES AND NET POSITION - CASH BASIS
 AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2016

<u>Functions/Programs</u>	<u>Program Cash Receipts</u>			<u>Net (Disbursements) Revenue & Changes in Net Assets</u>			
	<u>Cash Disbursements</u>	<u>Charges for Services</u>	<u>Capital Grants & Contributions</u>	<u>Operating Grants & Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
					31,474		31,474
					39,906		39,906
					<u>683,185</u>	<u>193</u>	<u>683,378</u>
					28,176	10,640	38,816
					<u>414,499</u>	<u>113,957</u>	<u>528,456</u>
					\$ <u>442,675</u>	<u>124,597</u>	<u>567,272</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, 2016

	<u>Governmental</u>	<u>Business-</u>	<u>Total</u>
	<u>Activities</u>	<u>type</u>	
		<u>Activities</u>	
ASSETS:			
Cash & Cash Equivalents	\$ 303,235	66,252	369,487
Restricted Cash	<u>139,440</u>	<u>58,345</u>	<u>197,785</u>
 Total Assets	 \$ <u><u>442,675</u></u>	 <u><u>124,597</u></u>	 <u><u>567,272</u></u>
 NET POSITION			
Restricted for Bond & Interest	\$ 1,761		1,761
Restricted for Garbage	4,571		4,571
Restricted for Fire Prevention	94,944		94,944
Restricted for Parks & Recreation	29,496		29,496
Restricted for Meter Deposits		12,420	12,420
Restricted for Library	1,546		1,546
Restricted for Federal Projects	7,122		7,122
Restricted for Water & Sewer Bonds		45,925	45,925
Unrestricted		66,252	66,252
Unassigned	<u>303,235</u>		<u>303,235</u>
 Total Net Position	 \$ <u><u>442,675</u></u>	 <u><u>124,597</u></u>	 <u><u>567,272</u></u>

The accompanying notes are an integral part of this statement.

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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, 2016

	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	\$ 383,946				33,671	417,617		
Franchise Fees - Utilities & Cable	36,579					36,579		
Licenses & Permits	3,724					3,724		
Homestead Exemption Reimbursement	28,770				2,523	31,293		
ABC - Permit	900					900		
General Sales Tax	122,494					122,494		
Municipal Aid	934					934		
Motor Vehicle Fuel Taxes	5,385					5,385		
Fire Insurance Premium Taxes					12,013	12,013		
Grand Gulf	12,242					12,242		
Charges for Services:								
Garbage		94,046				94,046		
Water & Sewer							219,158	219,158
Fines & Forfeits	38,569					38,569		
Interest			10		88	98	193	193
Community Facilities Grant				39,000		39,000		
Rents	7,314					7,314		
Other Revenue	21,080				3,112	24,192	15,644	15,644
Fees & Services					8,400	8,400		0
Total Receipts	661,937	94,046	10	39,000	59,807	854,800	234,995	234,995

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, 2016

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

DISBURSEMENTS

General Government:

Salaries & Employee Benefits	108,447			108,447
Supplies	1,132			1,132
Telephone & Utilities	8,325			8,325
Insurance	73,518			73,518
Other Services & Charges	36,788			36,788

Public Safety - Police:

Salaries & Employee Benefits	218,057			218,057
Supplies & Fuel	18,376			18,376
Fine Settlements	12,163			12,163
Other Services & Charges	60,071			60,071
Capital Outlay-Vehicles	13,001		39,000	52,001

Public Safety - Fire:

Repairs & Operating Supplies			1,733	1,733
Telephone & Utilities			2,783	2,783
Other Services & Charges			25,490	25,490

Public Works - Streets:

Salaries & Employee Benefits	8,007			8,007
Utilities	60,405			60,405
Other Services & Charges	8,337			8,337

Public Works - Sanitation:

Garbage Disposal		100,941		100,941
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Parks & Recreation

Contract Services			5,640	5,640
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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, 2016

	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					5,368	5,368		
Other Services & Charges					2,884	2,884		
Capital Outlay					4,758	4,758		
Library Support					11,400	11,400		
Enterprises - Water & Sewer:								
Salaries & Employee Benefits							67,522	67,522
Repairs & Operating Supplies							30,429	30,429
Utilities & Telephone							25,856	25,856
Contractual Services							20,310	20,310
Other Services & Charges							28,531	28,531
Interest & Fees						0	30,597	30,597
Total Disbursements	626,627	100,941	0	39,000	60,056	826,624	203,245	203,245
Excess of Receipts Over (Under) Disbursements	35,310	(6,895)	10	0	(249)	28,176	31,750	31,750
OTHER CASH SOURCES (USES)								
Debt Repaid - Principal						0	(21,110)	(21,110)
Transfers In	99,766	10,000			1,500	111,266		
Transfers Out	(11,500)		(99,766)			(111,266)		0
Total Other Cash Sources (Uses)	88,266	10,000	(99,766)	0	1,500	0	(21,110)	(21,110)

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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, 2016

	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	123,576	3,105	(99,756)	0	1,251	28,176	10,640	10,640
Cash Basis Fund Balance - Beginning 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 Fund Balance - End of Year	<u>\$ 303,235</u>	<u>4,571</u>	<u>1,761</u>	<u>0</u>	<u>133,108</u>	<u>442,675</u>	<u>124,597</u>	<u>124,597</u>
Cash Basis Assets - End of Year								
Cash and Cash Equivalents	\$ 303,235					303,235	66,252	66,252
Restricted Cash		4,571	1,761		133,108	139,440	58,345	58,345
Total Cash Basis Assets	<u>\$ 303,235</u>	<u>4,571</u>	<u>1,761</u>	<u>0</u>	<u>133,108</u>	<u>442,675</u>	<u>124,597</u>	<u>124,597</u>
Cash Basis Fund Balance - End of Year								
Restricted		4,571	1,761		133,108	139,440	58,345	58,345
Unassigned	303,235					303,235		
Unrestricted							66,252	66,252
Total Cash Basis Fund Balances	<u>\$ 303,235</u>	<u>4,571</u>	<u>1,761</u>	<u>0</u>	<u>133,108</u>	<u>442,675</u>	<u>124,597</u>	<u>124,597</u>

The accompanying notes are an integral part of this statement.

**CITY OF ROSEDALE, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

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.

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**CITY OF ROSEDALE, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

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.

ELLIS & HIRSBERG
CERTIFIED PUBLIC ACCOUNTANTS, PLLC

219 EAST SECOND STREET - P. O. BOX 400 - CLARKSDALE, MISSISSIPPI 38614
662-624-4332
FAX 662-624-4335

October 4, 2017

Office of the State Auditor
Attn: Kelley Ryan
P. O. Box 956
Jackson, MS 39205

Dear Ms. Ryan:

Enclosed herewith are two bound copies of the financial statements for the City of Rosedale, Mississippi as of September 30, 2016. I have also emailed a PDF version to you this date.

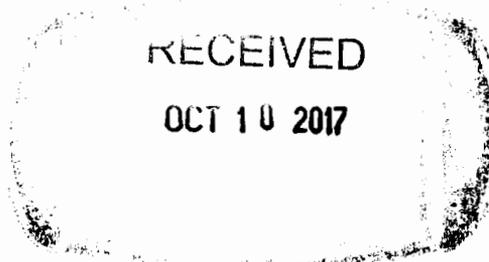
If you have any questions about the enclosed, please feel free to contact our office.

Sincerely,

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke extending to the left.

, CPA

WNH:jwp
Enclosures



**CITY OF ROSEDALE, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

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, 2016**

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, 2016 was 79.82 mills for general purposes, 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, 2016, 2015, and 2014, were \$48,428, \$48,654, and \$50,700, 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, 2015</u>	<u>Issued</u>	<u>Redeemed</u>	Balance Outstanding <u>Sept. 30, 2016</u>
<u>Revenue Bonds</u>					
3-10-88	Combined Water & Sewer System Bond	48,983		6,071	42,912

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**CITY OF ROSEDALE, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

8-4-04	Combined Water & Sewer System Bond	<u>623,931</u>	<u>15,039</u>	<u>608,892</u>
	<u>Subtotal</u>	<u>672,914</u>	<u>0</u>	<u>21,110</u>
	<u>Total</u>	<u>\$ 672,914</u>	<u>0</u>	<u>21,110</u>

Long-term debt at September 30, 2016, in the Enterprise Fund is comprised of the following:

	<u>Revenue Bonds</u>
Bonds Payable at October 1, 2015	672,914
Repayment	<u>21,086</u>
Bonds Payable at September 30, 2016	<u>651,804</u>

Bonds payable at September 30, 2016, 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	42,912
\$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>608,892</u>
Total	<u>651,804</u>

The annual requirements to amortize all long-term debt outstanding as of September 30, 2016, are as follows:

**CITY OF ROSEDALE, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

<u>Year Ending September 30,</u>	<u>Enterprise Fund</u>		<u>Total Principal & Interest</u>
	<u>Principal</u>	<u>Interest</u>	
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	26,491	25,016	51,507
2022 - 2026	114,243	108,981	223,224
2027 - 2031	133,062	82,460	215,522
2032 - 2036	165,820	49,703	215,523
2037 - 2039	117,551	11,761	129,312
Totals	651,804	389,947	1,041,751

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 9-30-16</u>	<u>Amount of Reserve At 9-30-16</u>
Note payable Farm Service Agency		
#93-03	6,300	7,925
#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, 2016 certificates of deposit were as follows:

<u>WATER AND SEWER FUND:</u>	<u>Fair Value</u>
.35% Water Deposit Fund - Matures 12-19-16	10,000
.35% Water & Sewer Bond - Matures 12-19-16	38,000
.20% Bond Cushion - Matures 5-26-17	6,807
Total	54,807

**CITY OF ROSEDALE, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 6 - CASH AND OTHER DEPOSITS

The carrying amount of the City's deposits with financial institutions was \$567,272 and the bank balance was \$597,465.

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 five 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, 2016**

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 29, 2017 and determined that the following subsequent events has occurred requiring disclosure in the notes to the financial statements.

On October 4, 2016, the mayor and city council approved the sale of their interest in Bolivar National Gas for \$110,000.00.

There is a pending sale of city owned property being part of the old AMPCO Factory property. This sale is contingent upon the purchaser obtaining adequate financing.

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CITY OF ROSEDALE, MISSISSIPPI
SCHEDULE OF SURETY BONDS FOR MUNICIPAL OFFICIALS
SEPTEMBER 30, 2016

<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
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

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CITY OF ROSEDALE, MISSISSIPPI
SCHEDULE OF CAPITAL ASSETS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balance</u>
Governmental activities:				
Capital Assets:				
Land	\$ 60,166			60,166
Buildings	653,539		24,098	629,441
Police Cars	11,799	52,002	13,849	49,952
Machinery and equipment	24,552	4,758	7,408	21,902
Infrastructure	<u>441,251</u>		<u>48,709</u>	<u>392,542</u>
Total Governmental activities capital assets	<u>\$ 1,191,307</u>	<u>56,760</u>	<u>94,064</u>	<u>1,154,003</u>
Business-type activities				
Capital Assets:				
Machinery and equipment	\$ 39,065		5,209	33,856
Water and Sewer System	<u>928,036</u>		<u>99,818</u>	<u>828,218</u>
Total Business-type activities capital assets	<u>\$ 967,101</u>	<u>0</u>	<u>105,027</u>	<u>862,074</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, 2016, 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 29, 2017. 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.

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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.

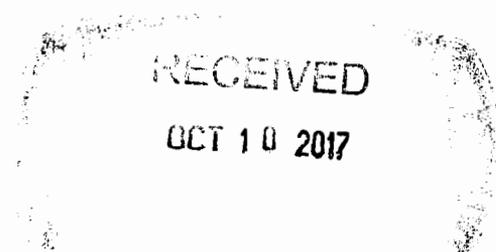
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies 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 16-1.

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*.

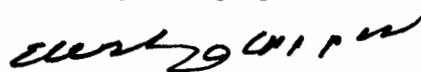
City's Response to the Finding

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.



Clarksdale, Mississippi
September 29, 2017

**CITY OF ROSEDALE, MISSISSIPPI
SCHEDULE OF FINDINGS AND RESPONSES
SEPTEMBER 30, 2016**

16-1 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.

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**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, 2016, 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 29, 2017, 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 29, 2017

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