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City of Rolling Fork, Mississippi
Audited Financial Statements
and Special Reports
For the Year Ended
September 30, 2017

Fortenberry & Ballard, PC
Certified Public Accountants



City of Rolling Fork, Mississippi
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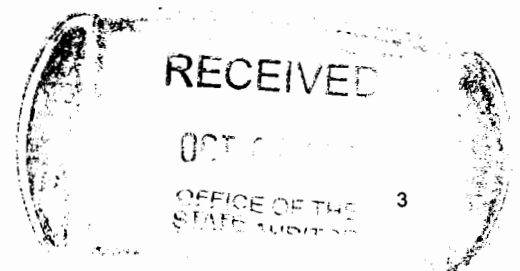
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FINANCIAL AUDIT REPORT



FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying Statement of Cash Receipts and Disbursements of the City of Rolling Fork, Mississippi, for the year ended September 30, 2017, and the related notes to the financial statement, which collectively comprise the City of Rolling Fork's basic financial statement as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the cash basis of accounting, described in Note A. This includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

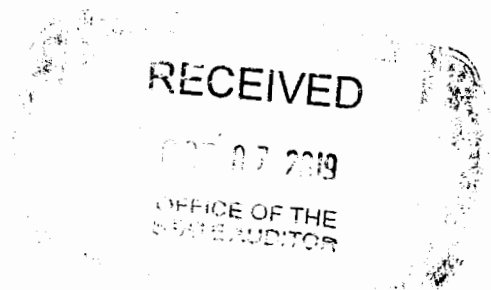
Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

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

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

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Opinion

In our opinion, the financial statement referred to above present fairly, in all material respects, the respective cash basis financial position of the City of Rolling Fork for the year ended September 30, 2017, in accordance with the basis of accounting described in Note A.

Basis of Accounting

We draw attention to Note A of the financial statement which describes that City of Rolling Fork, Mississippi prepares its financial statement on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 25, 2019, on our consideration of the City of Rolling Fork's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 the effectiveness of City of Rolling Fork, Mississippi's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Rolling Fork's internal control over financial reporting and compliance.

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC
July 25, 2019

Certified Public Accountants

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FINANCIAL STATEMENT

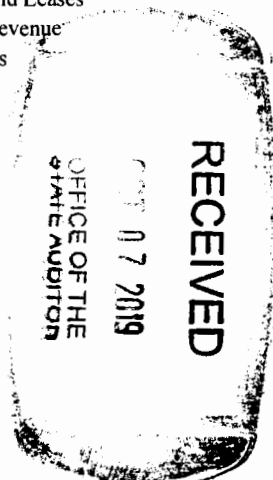
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CITY OF ROLLING FORK, MISSISSIPPI
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
Governmental and Business-type Activities
For the Year Ended September 30, 2017

	GOVERNMENTAL ACTIVITIES					BUSINESS-TYPE ACTIVITIES	
	General Fund	Fire Protection	GO Bond Pool / Street Paving	Other Governmental Funds	Total	Water & Sewer Fund	Total
RECEIPTS							
Taxes							
General property taxes	\$ 597,848	\$	\$	2,205	\$ 600,053	\$	\$
Penalties and interest	15,431				15,431		
In-lieu taxes	20,824				20,824		
Licenses and permits	9,114				9,114		
Intergovernmental revenues:							
General municipal aid	7,632				7,632		
State shared revenues:							
Sales tax	396,179				396,179		
Gasoline tax	27,666				27,666		
Homestead Reimbursement	37,008				37,008		
Liquor Privilege Tax	1,350				1,350		
State Fire Rebate and Fire Protection		11,999			11,999		
Police Grant	3,721				3,721		
County Fire Rebate		4,805			4,805		
County Recreation				833	833		
Charges for services							
Water and Sewer Receipts					-	432,099	432,099
Swimming Receipts				2,169	2,169		
Fines and forfeitures	7,731				7,731		
Franchise Tax - Utilities	46,849				46,849		
Rental Income and Leases	17,400				17,400		
Miscellaneous Revenue	5,915				5,915		
Total Receipts	1,194,668	16,804	-	5,207	1,216,679	432,099	432,099



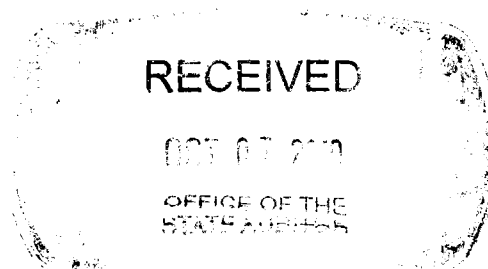
CITY OF ROLLING FORK, MISSISSIPPI
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
Governmental and Business-type Activities
For the Year Ended September 30, 2017

	GOVERNMENTAL ACTIVITIES					BUSINESS-TYPE ACTIVITIES	
	General Fund	Fire Protection	GO Bond Pool / Street Paving	Other Governmental Funds	Total	Water & Sewer Fund	Total
DISBURSEMENTS							
General Government	454,521				454,521		
Public Safety							
Police	486,387				486,387		
Fire	18,181	12,589			30,770		
Public Works							
Streets	334,141				334,141		
Health and Welfare							
Public Health	10,428				10,428		
Culture and Recreation							
Library				19,004	19,004		
Parks				44,673	44,673		
Visitor's Center	3,971				3,971		
Enterprise							
Water and Sewer						367,955	367,955
Capital Projects			564,448		564,448		
Debt Service Payments	44,115				44,115	48,572	48,572
Total Disbursements	<u>1,351,744</u>	<u>12,589</u>	<u>564,448</u>	<u>63,677</u>	<u>1,992,458</u>	<u>416,527</u>	<u>416,527</u>
Excess (Deficiency) of Receipts Over Disbursements	(157,076)	4,215	(564,448)	(58,470)	(775,779)	15,572	15,572
CASH BASIS FUND BALANCE - BEGINNING	629,886	171,507	564,448	(382,713)	983,128	187,078	187,078
PRIOR PERIOD ADJUSTMENT	(11,622)			(64,509)	(76,131)		
CASH BASIS FUND BALANCE - RESTATED	<u>618,264</u>	<u>171,507</u>	<u>564,448</u>	<u>(447,222)</u>	<u>906,997</u>	<u>187,078</u>	<u>187,078</u>
CASH BASIS FUND BALANCE - ENDING	<u>461,188</u>	<u>175,722</u>	<u>-</u>	<u>(505,692)</u>	<u>131,218</u>	<u>202,650</u>	<u>202,650</u>

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

City of Rolling Fork, Mississippi

Notes to the Financial Statement
For the Year Ended September 30, 2017



City of Rolling Fork, Mississippi

Notes to the Financial Statement
For the Year Ended September 30, 2017

Note A: Summary of Significant Accounting Policies

General Information

The City of Rolling Fork operates under the Mayor-Board of Aldermen form of government and provides services as authorized by law. City's population on the 2010 census was 2,143. The accounting policies of the City of Rolling Fork conform to the laws of Mississippi for a municipality with a population of less than 3,000. The following is a summary of the more significant policies.

Reporting Entity

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

Fund Accounting

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

Basis of Accounting

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

Note B: Report Classifications

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

Note C: Defined Benefit Pension Plan

Plan Description

City of Rolling Fork contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. Section 25-11-1 et seq., (1972, as amended) and may be amended only by the State of Mississippi Legislature. PERS issues a

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City of Rolling Fork, Mississippi

Notes to the Financial Statement
For the Year Ended September 30, 2017

publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System of Mississippi, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

Funding Policy

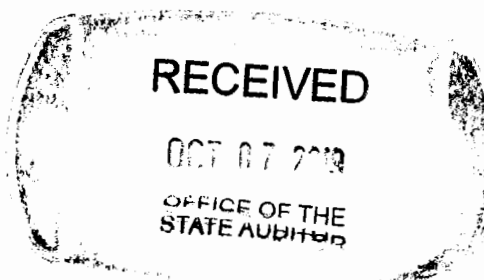
At September 30, 2017, PERS members were required to contribute 9% of their annual covered salary, and the City is required to contribute at an actuarially determined rate. The rate at September 30, 2017 was 15.75% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The City's contributions (employer share only) to PERS for the years ending September 30, 2017, 2016 and 2015 were \$110,836, \$92,369, and \$95,052, respectively, equal to the required contributions for each year.

Note D: Contingencies

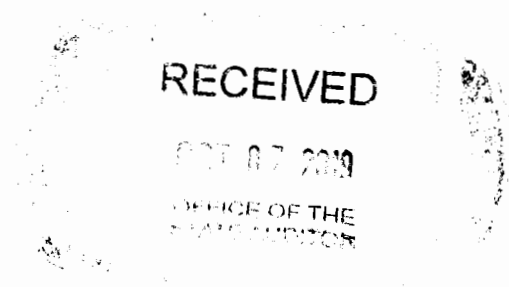
Litigation - The City is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate the outcome or liability, if any, of the City with respect to the various proceedings. However, the City's legal counsel believes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

Note E: Economic Dependency

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



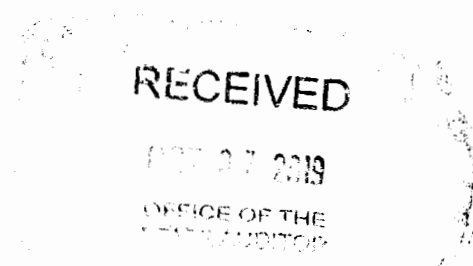
OTHER INFORMATION



City of Rolling Fork, Mississippi
 Schedule of Investments - All Funds
 September 30, 2017
 UNAUDITED

Schedule 1

Fund	Description	Interest Rate	Acquisition Date	Maturity Date	Other Information	Investment Cost/Value
Water and Sewer Fund	Certificate of Deposit	0.65%	07/20/16	01/20/17	Bank of Anguilla	\$ <u>519,335</u>
Total Investments						\$ <u><u>519,335</u></u>



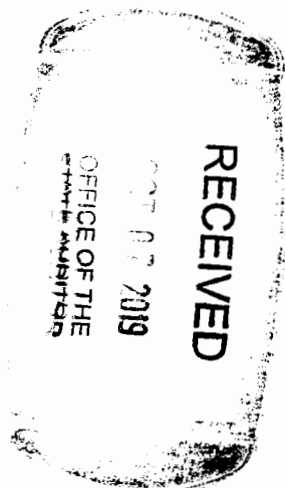
City of Rolling Fork, Mississippi
Schedule of Changes in Long-term Debt
For the Year Ended September 30, 2017
UNAUDITED

Schedule 2

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2017:

<u>Description and Purpose</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance Oct. 1, 2016</u>	<u>Principal Payments</u>	<u>Balance Sept. 30, 2017</u>
A. General Obligation Bonds Series 2015 \$1.1 million	9/29/2015	*	\$	1,100,000	\$	1,100,000
B. Revenue Bonds: USDA Water System Revenue Bonds	6/5/2009	8/7/2046	3.00%	956,105	20,166	935,939
C. Other Loans: Bank of Anguilla #367219001	8/7/2014	8/7/2017	4.25%	43,204	43,204	-
				<u>2,099,309</u>	<u>63,370</u>	<u>2,035,939</u>
Total				\$	\$	\$

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



Capital assets were not adequately kept by the City.

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City of Rolling Fork, Mississippi**Schedule of Surety Bonds for Municipal Officials**

September 30, 2017

UNAUDITED

Schedule 4

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Amount</u>
Eldridge Walker	Mayor	Travelers	\$ 50,000
Fred Miller	Mayor	Travelers	\$ 50,000
Calvin Stewart	Alderman - Ward 1	Travelers	\$ 50,000
Mary Corban	Alderman - Ward 2	Travelers	\$ 50,000
Mary Jowilla Secoy	Alderman - Ward 2	Travelers	\$ 50,000
LaDonna Sias	Alderman - Ward 3	Travelers	\$ 50,000
Charles Russell	Alderman - Ward 4	Travelers	\$ 50,000
Carolyn Washington	Alderman	Travelers	\$ 50,000
Sandra Nichols	City Clerk	Travelers	\$ 50,000
Sandra Nichols	Deputy Tax Collector	Travelers	\$ 50,000
Katie Alexander	Deputy City Clerk	Travelers	\$ 50,000
Katie Alexander	Deputy Tax Collector	Travelers	\$ 50,000
Sharon Duckworth	Court Clerk	Travelers	\$ 50,000
Toni Borden Thomas	Deputy Court Clerk	Travelers	\$ 25,000
Cardell Hughes	Chief of Police	Travelers	\$ 50,000

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Notes to the Other Information

For the year ended September 30, 2017

(1) Subsequent Events

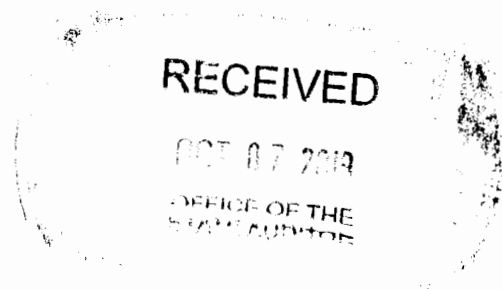
Management has evaluated subsequent events through the date the financial statements were available to be issued.

On March 15, 2018, the City entered into a lease-purchase agreement with Hancock Bank for \$31,831 at an interest rate of 3.31% to purchase a 2018 Ford Explorer. Thirty-six monthly payments of \$930.04 start the following month maturing March 15, 2021.

On April 16, 2019, a building jointly owned by Sharkey County and the City was sold to Family Dollar for \$110,000. The income split has yet to be determined.



SPECIAL REPORTS



FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of the City of Rolling Fork, Mississippi, as of and for the year ended September 30, 2017, and the related notes to the financial statement, which collectively comprise the City's basic financial statement and have issued our report thereon dated July 25, 2019.

Internal Control Over Financial Reporting

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

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 statement 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 certain deficiency in internal control, described in the accompanying schedule of findings and responses as Finding 2017-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Rolling Fork, Mississippi's financial statement is free from material misstatement, we performed tests of its compliance with

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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 of Rolling Fork, Mississippi's Response to Finding

City of Rolling Fork's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. City of Rolling Fork's response was 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 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. However this report is a matter of public record and its distribution is not limited.

Fortenberry & Ballard, PC

Fortenberry & Ballard PC
July 25, 2019

Certified Public Accountants

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City of Rolling Fork, Mississippi

**Schedule of Findings and Responses
For the Year Ended September 30, 2017**

Section I: Summary of Auditor's Results

Financial Statements:

1. Type of auditor's report issued: Unmodified
2. Internal control over financial reporting:
 - a. Material weaknesses identified? Yes.
 - b. Significant deficiencies identified? None reported.
3. Noncompliance material to the financial statements noted? No.

Section II: Financial Statements Findings

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

Finding 2017-001:

The County should maintain adequate capital assets records.

Material Weakness

Criteria:

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

Condition:

As reported in the prior audit report, control procedures were inadequate for maintaining adequate records documenting the City's capital assets.

Cause:

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

Effect:

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

Recommendation:

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

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Response:

The City will work to create a capital assets list that will included all of the assets, and the valuation of each. We also endeavor to work with the auditor to create a depreciation list of these assets.

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