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City of Rosedale
Financial Statements
September 30, 2008

Ellis & Hirsberg
Certified Public Accountants, PLLC
Clarksdale, Mississippi

**CITY OF ROSEDALE, MISSISSIPPI
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SEPTEMBER 30, 2008**

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council
City of Rosedale, Mississippi

We have audited the Statement of Cash Receipts and Disbursements, Governmental and Business-type Activities of the City of Rosedale, Mississippi, as of and for the year ended September 30, 2008. This financial statement is the responsibility of the City of Rosedale, Mississippi's management. 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 *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 statement referred to above is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Statement of Cash Receipts and Disbursements, Governmental and Business-type Activities. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.


As described more fully in Note 1, the City of Rosedale, Mississippi has prepared their financial statements using accounting practices permitted by the Mississippi State Department of Audit, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effect of the matters discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of each fund of the City of Rosedale, Mississippi as of September 30, 2008, or changes in financial position or cash flows thereof for the year then ended. Further, the City has not presented management's discussion and analysis nor required supplemental information that accounting principles generally accepted in the United States has determined is necessary to supplement, although they are not required to be part of, the basic financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of each fund of the City of Rosedale, Mississippi as of September 30, 2008, and their respective cash receipts and disbursements, for the year then ended, on the basis of accounting described in Note 1.

Our audit was conducted for the purpose of forming an opinion on the Statement of Cash Receipts and Disbursements, Governmental and Business-type Activities of the City of Rosedale, Mississippi taken as a whole. Schedules 1 - 3 are presented for the purposes of additional analysis and are not a required part of the financial statement. The information in those schedules has been subjected to the auditing procedures applied in the audit of the Statement of Cash Receipts and Disbursements, Governmental and Business-type Activities and, in our opinion, is fairly presented in all material respects in relation to the Statement of Cash Receipts and Disbursements, Governmental and Business-type Activities taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2010 on our consideration of the City of Rosedale's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

A handwritten signature in cursive script, followed by the printed text "CPA P. W. W." to the right.

January 25, 2010

CITY OF ROSEDALE, MISSISSIPPI
 STATEMENT OF CASH RECEIPTS & DISBURSEMENTS, GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES
 YEAR ENDED SEPTEMBER 30, 2008

	Governmental Fund Types					Total Memorandum Only 2008	Proprietary Fund Type Enterprise
	General	Special Revenues	Debt Service	Federal Special Revenues	Federal Capital Projects		
REVENUE RECEIPTS							
General Property Taxes							
Ad Valorem Taxes - Real Personal Utility & Auto	265,228	27,825	52,570			345,623	
Total General Property Taxes	265,228	27,825	52,570	0	0	345,623	0
License & Fees							
License & Permits	4,184					4,184	
Franchise Fees - Utilities	21,614					21,614	
Total License & Fees	25,798	0	0	0	0	25,798	0
State Grants							
Homestead Exemption Reimbursements	27,457	2,786	3,979			34,222	
Total State Grants	27,457	2,786	3,979	0	0	34,222	0
State Shared Revenues							
General Sales Tax	118,875					118,875	
Municipal Aid	1,258					1,258	

CITY OF ROSEDALE, MISSISSIPPI
 STATEMENT OF CASH RECEIPTS & DISBURSEMENTS, GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES
 YEAR ENDED SEPTEMBER 30, 2008

	Governmental Fund Types					Federal Capital Projects	Memorandum Only 2008	Proprietary Fund Type
	General	Special Revenues	Debt Service	Federal Special Revenues				
Fire Protection		12,503					12,503	
Motor Vehicle Fuel Taxes	6,335						6,335	
Liquor Privilege License	900						900	
Grand Gulf	22,523						22,523	
Total State Shared Revenues	149,891	12,503	0	0	0		162,394	0
Charge for Services								
Garbage	93,061						93,061	
Water & Sewer							0	255,105
Total Charge for Services	93,061	0	0	0	0		93,061	255,105
Fines & Forfeits								
Police Fines, Traffic Tickets & Other	43,498						43,498	
Miscellaneous Revenues								
Other Revenues	29,340	311		5	5		29,661	10,235
Rents	7,562						7,562	
Health & Sanitation	7,663						7,663	

CITY OF ROSEDALE, MISSISSIPPI
 STATEMENT OF CASH RECEIPTS & DISBURSEMENTS, GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES
 YEAR ENDED SEPTEMBER 30, 2008

	Governmental Fund Types					Federal Capital Projects	Memorandum Only 2008	Proprietary Fund Type
	General	Special Revenues	Debt Service	Federal Special Revenues				
Interest Income		66	83				149	499
Total Miscellaneous Revenues	44,565	377	83	5	5		45,035	10,734
Intergovernmental Revenues								
Federal Grants								
Community Development Block Grant					17,515		17,515	
Total Intergovernmental Revenues	0	0	0	0	17,515		17,515	0
Total Revenue Receipts	649,498	43,491	56,632	5	17,520		767,146	265,839

DISBURSEMENTS

General Government

Financial & Administrative	
Salaries & Employee Benefits	67,730
Insurance - General, Medical & Liability	88,456
Repair, Maintenance & Supply	1,848
	67,730
	88,456
	1,848

CITY OF ROSEDALE, MISSISSIPPI
STATEMENT OF CASH RECEIPTS & DISBURSEMENTS, GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2008

	Governmental Fund Types					Total Memorandum Only 2008	Proprietary Fund Type
	General	Special Revenues	Debt Service	Federal Special Revenues	Federal Capital Projects		
Utilities & Telephone	8,386					8,386	
Travel & Training	911					911	
Capital Outlay	2,317					2,317	
Other Services & Charges	59,294					59,294	
Judge	9,600					9,600	
Total Financial & Administrative	238,542	0	0	0	0	238,542	0
Public Safety - Police							
Salaries & Employee Benefits	233,314					233,314	
Repair, Maintenance & Supply	9,463					9,463	
Utilities & Telephone	1,945					1,945	
Contractual Services	175					175	
Fuel	34,070					34,070	
Holding Facility	6,826					6,826	
Travel & Training	823					823	
Other Services & Charges	2,710					2,710	
State Treasurer	14,756					14,756	
Total Public Safety - Police	304,082	0	0	0	0	304,082	0

CITY OF ROSEDALE, MISSISSIPPI
 STATEMENT OF CASH RECEIPTS & DISBURSEMENTS, GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES
 YEAR ENDED SEPTEMBER 30, 2008

	Governmental Fund Types					Federal Capital Projects	Memorandum Only 2008	Proprietary Fund Type
	General	Special Revenues	Debt Service	Federal Special Revenues	Total			
Public Safety - Fire								
Capital Outlay		9,529					9,529	
Repair, Maintenance & Supply		3,946					3,946	
Utilities & Telephone		5,494					5,494	
Other Services & Charges		871					871	
Total Public Safety - Fire	0	19,840	0	0	0		19,840	0
Public Works								
Streets								
Salaries & Employee Benefits	36,878						36,878	
Utilities & Telephone	51,511						51,511	
Repair, Maintenance & Supply	40						40	
Total Streets	88,429	0	0	0	0		88,429	0
Sanitation								
Garbage	94,833						94,833	
Cultural Recreation								
Parks								
Contract Services		2,400					2,400	

CITY OF ROSEDALE, MISSISSIPPI
 STATEMENT OF CASH RECEIPTS & DISBURSEMENTS, GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES
 YEAR ENDED SEPTEMBER 30, 2008

	Governmental Fund Types				Federal Capital Projects	Total Memorandum Only 2008	Proprietary Fund Type
	General	Special Revenues	Debt Service	Federal Special Revenues			
Repair, Maintenance & Supply Other Services & Charges		1,809 5,510				1,809 5,510	
Total Parks	0	9,719	0	0	0	9,719	0
Library Support		10,800				10,800	
Total Library	0	10,800	0	0	0	10,800	0
Debt Service							
Principal Interest & Fees			30,000 11,645				
Total Debt Service	0	0	41,645	0	0	41,645	0
Federal Expenditures							
Community Development Block Grant - Engineering Services					17,515	17,515	
Total Federal Expenditures	0	0	0	0	17,515	17,515	0

CITY OF ROSEDALE, MISSISSIPPI
 STATEMENT OF CASH RECEIPTS & DISBURSEMENTS, GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES
 YEAR ENDED SEPTEMBER 30, 2008

	Governmental Fund Types					Federal Capital Projects	Memorandum Only 2008	Proprietary Fund Type
	General	Special Revenues	Debt Service	Federal Special Revenues	Total			
Water & Sewer								
Salaries & Employee Benefits								77,674
Repair, Maintenance & Supply Utilities								35,192
Contractual Services								17,510
Debt Service								16,053
Principal Interest								35,580
Other Services & Charges								39,261
								16,382
Total Water & Sewer	0	0	0	0	0	0	0	237,652
Total Disbursements	725,886	40,359	41,645	0	17,515	825,405	237,652	
Excess (Deficiency) of Receipts Over Disbursements	(76,388)	3,132	14,987	5	5	(58,259)	28,187	
OTHER FINANCING SOURCES & USES								
Operating Transfers In	94,500	12,100				106,600	25,400	
Tax Anticipation Loan	125,000					125,000		
Bank Loan	25,000					25,000		

CITY OF ROSEDALE, MISSISSIPPI
STATEMENT OF CASH RECEIPTS & DISBURSEMENTS, GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2008

	Governmental Fund Types					Federal Capital Projects	Memorandum Only 2008	Proprietary Fund Type
	General	Special Revenues	Debt Service	Federal Special Revenues				
Operating Transfers Out	(71,300)	(11,000)	(3,000)					
Repay Tax Anticipation Loan & Bank Loan	(76,568)					(85,300)	(46,700)	
						(76,568)		
Excess (Deficiency) of Receipts and Other Sources Over (Under) Disbursements & Other Uses	20,244	4,232	11,987	5	5	36,473	6,887	
Cash & Investment Balance - Beginning of Year	6,102	25,965	1,672	10	10	33,759	57,209	
Cash & Investment Balance - End of Year	26,346	30,197	13,659	15	15	70,232	64,096	

Notes to the financial statement are an integral part of this financial statement.

**CITY OF ROSEDALE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED SEPTEMBER 30, 2008**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The City of Rosedale was incorporated March 31, 1876, under the laws of the State of Mississippi. The City operates under a Mayor-City Council form of government, and provides the following services as authorized by its charter: public safety (police and fire), streets and highways, sanitation, culture-recreation, public improvements, planning, zoning, water and sewer services and general administrative services. There are no component units of the City.

Reporting Entity - This report includes all of the funds of the City of Rosedale. The City has developed criteria to determine whether outside agencies or authorities with activities which benefit the citizens of the City should be included within its financial reporting entity. The criteria include, but are not limited to, whether the City exercises oversight responsibility on financial interdependency, selection of governing authority, and accountability for fiscal matter, scope of public service and special financing relationships. No component unit was identified for inclusion or potential inclusion utilizing the criteria indicated.

Basis of Presentation - Fund Accounting - The accounts of the City of Rosedale are organized on the basis of funds, each of which is considered a separate accounting entity. Each fund is accounted for by a separate set of self-balancing accounts that comprise its revenues/receipts and expenditures/disbursements. The individual funds account for the governmental resources allocated to them for the purpose of carrying on specific activities in accordance with laws, regulations, or other restrictions.

Basis of Accounting - All governmental and proprietary funds are accounted for using the cash receipts and disbursements basis of accounting, as permitted by the Mississippi State Department of Audit. This basis of accounting differs from accounting principles generally accepted in the United States of America 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 accounting principles generally accepted in the United States of America. Financial statements issued following accounting principles generally accepted in the United States of America normally contain Government-Wide Financial Statements, Fund Financial Statements, Management Discussion and Analysis (MD&A), Required Supplemental Information other than MD&A (Budgetary Reporting), and other Supplemental Information.

The following funds are used by the City:

Governmental Fund Types:

General Fund - This fund is established to account for resources devoted to financing the general services that the City performs for its citizens. General tax revenues and other sources of revenue used to finance the fundamental operations of the City are included in this fund. The fund is charged with all cost of operating the government for which a separate fund has not been established.

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.

Special Revenue Fund - The Special Revenue Fund is used to account for specific revenues that are legally restricted to expenditures for specific purposes.

Federal Capital Project Fund - Capital project funds are used to account for financial resources to be used for acquisition and/or construction of major capital facilities.

Federal Special Revenue Fund - The special revenue fund is used to account for special revenues, most of which are federal grants or awards for specific purposes.

Proprietary Fund Types:

Enterprise Funds - These funds account for operations that are organized to be self-supporting through user charges. Included in this category is the Water and Sewer Fund.

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 governmental and proprietary funds. For governmental funds, receipts are budgeted on the cash basis.

Expenditures are also budgeted on the cash basis of accounting. 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 each fiscal year.

Cash - Cash in excess of current requirements is invested in various interest-bearing bank deposits and disclosed as part of the City's cash and investment balance when applicable.

Revenues and Expenditures/Expenses - Revenue for governmental and proprietary funds are recorded when they are received. Expenditures for governmental funds are recorded when the warrant is issued.

Property Tax Revenues - Property taxes are levied on January 1 based on the assessed value of property per the County Tax Bills. Assessed values are an approximation of market value.

Property taxes are recognized as revenue when they are received.

Encumbrances - The City of Rosedale does not use encumbrance accounting.

Total Columns - The Statement of Cash Receipts and Disbursements, Governmental and Business-type Activities includes a total column that is described as memorandum only. Data in this column does not present financial position, results of operations, or changes in financial position in conformity with receipts and disbursements basis of accounting, as recommended by the Mississippi State Department of Audit. Interfund transactions have not been eliminated from the total column of this financial statement.

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, 2008 was 66 mills for general purposes, 13 mills for bond and interest, 2 mills for the library maintenance, 2 mills for maintaining parks, playgrounds, and recreational purposes, 3 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 7.25% of their annual covered salary and the City of Rosedale is required to contribute at an actuarially determined rate. The current rate is 11.85% 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, 2008, 2007 and 2006, were \$35,811, \$37,989, and \$35,460, respectively, equal to the required contributions for each year.

NOTE 4 - CHANGES IN LONG-TERM DEBT

General long-term debt at September 30, 2008, was comprised of the following:

	<u>General Obligation</u>	<u>Notes Payable</u>	<u>Total</u>
Bonds & Notes Payable at 10-1-07	210,000	155,590	365,590
Issued			
Retirements	<u>30,000</u>	<u>155,590</u>	<u>185,590</u>
 Bonds & Notes Payable at 9-30-08	 <u>180,000</u>	 <u>-0-</u>	 <u>180,000</u>

Long-term leases, bonds and notes payable at September 30, 2008, are comprised of the following individual issues:

A. General Obligation Bonds

\$500,000, 1993 Road Improvement Bonds, maturing 2013. 5.1523% interest payable semi-annually on March 1 and September 1. Principal maturities on September 1. 180,000

B. Notes Payable

\$450,000, 1995 note on Grain Elevator facility 4 1/4% originally payable \$3,385.25 per month for 15 years. (See Note 6.) -0-

Total 180,000

Long-term debt at September 30, 2008, in the Enterprise Fund is comprised of the following:

	<u>Revenue Bonds</u>
Bonds Payable at October 1, 2007	848,804
Repayment	<u>35,580</u>
 Bonds Payable at September 30, 2008	 <u>813,224</u>

Bonds payable at September 30, 2008, are comprised of the following issues:

A. Revenue Bonds

\$370,000, 1974 Combined Water and Sewer System bonds, due in annual installments of varying amounts through January 1, 2008, interest at 5% for the purpose of improving the water and sewer system	-0-
\$75,800, 1982 Combined Water and Sewer System bonds, due in monthly installments of \$394.80 through November 4, 2017, interest at 5% for the purpose of improving the water and sewer system.	9,142
\$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	85,273
\$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>718,809</u>
Total	<u><u>813,224</u></u>

The annual requirements to amortize all long-term debt outstanding as of September 30, 2008, are as follows:

Year Ending September 30.	Debt Service		Enterprise Fund		Total Principal & Interest
	Principal	Interest	Principal	Interest	
2009	30,000	9,993	19,811	36,649	96,453
2010	35,000	8,398	20,766	35,694	99,858
2011	35,000	6,569	21,767	34,692	98,028
2012	40,000	4,711	22,816	33,643	101,170
2013	40,000	2,581	23,917	32,542	99,040
2014 - 2018			123,157	144,610	267,767
2019 - 2023			95,907	120,516	216,423
2024 - 2028			120,056	96,367	216,423
2029 - 2033			150,285	66,138	216,423
2034 - 2038			188,126	28,297	216,423
2039 - 2043			26,616	427	27,043
Totals	<u>180,000</u>	<u>32,252</u>	<u>813,224</u>	<u>629,575</u>	<u>1,655,051</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:

	Amount of Reserve Requirement <u>At 9-30-08</u>	Amount of Reserve <u>At 9-30-08</u>
Note payable Farm Service Agency		
#93-01	\$38,000	\$38,000
93-03	6,300	6,300
93-02	4,740	646

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, 2008 certificates of deposit were as follows:

1.60% Water Deposit Fund	10,000
1.60% Water & Sewer Bond	38,000
3.25% Bond Cushion	<u>6,300</u>
Total	<u><u>54,300</u></u>

NOTE 6 - CAPITAL IMPROVEMENT REVOLVING LOAN PROGRAM

During 1995 the City of Rosedale acquired ownership of a grain storage and drying facility with \$450,000 purchase funds provided through the capital improvement revolving loan program (CAP) with the State of Mississippi. On October 2, 1995, a lease agreement was executed by and between the City and Norma Lee Grain Company, Inc. whereby the City would lease the grain facility to Norma Lee Grain Company, Inc. for a period of 15 years in an amount sufficient to repay the CAP loan together with interest at a rate of 1% below the Federal Reserve discount rate. Norma Lee Grain Company, Inc. is a guarantor on said loan. The loan would be paid monthly in the amount of \$3,385.25 including interest at 4 1/4% with the same amount being collected from Norma Lee Grain Company, Inc. as the lease payment. At the end of the fifteen year period and after the loan has been fully paid, Norma Lee Grain Company, Inc. has the right to purchase the grain storage and drying facility for \$100. The terms were subsequently modified and the payments changed to \$5,077.88 per month until current status of the loan could be obtained. In May 2008, South Delta Planning paid off the first lien position of the City of Rosedale to protect their position as a second lien holder. The City has no further obligation on this loan past May of 2008.

NOTE 7 - CASH AND OTHER DEPOSITS

The carrying amount of the City's deposits with financial institutions was \$134,328 and the bank balance was \$170,015.

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 8 - RISK MANAGEMENT

The City is exposed to various other risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, injury to others and natural disasters. The City carries commercial insurance for these various risks. Settled claims resulting from these insured risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The City is a member of the Mississippi Municipal Workers' Compensation Group (MMWCG).

The Mississippi Municipal Workers' Compensation Group operates under the Workers' Compensation laws of the State of Mississippi as directed and regulated by the Mississippi Workers' Compensation Commission. The Group operates as a risk sharing pool whose members are fully assessable and with joint and several liabilities between its members.

Coverage as a member of the Group is as follows:

Statutory Mississippi Workers' Compensation benefits with a \$500,000 per occurrence Self Insured retention and statutory coverage through a reinsurance contract.

Employers Liability coverage as defined under Mississippi law with a \$1,000,000 limit of liability.

NOTE 9 - BANK NOTES

On July 25, 2008, \$126,335 was borrowed from State Bank and Trust Company as a tax anticipation note for operating purposes. \$125,000 was disbursed to the City after a loan fee of \$1,335. This note has a 7.50% interest rate and was outstanding as of September 30, 2008. On August 8, 2007, \$48,565 was borrowed from State Bank and Trust Company as a tax anticipation note for operating purposes. \$48,000 was disbursed to the City after a loan fee of \$565. This note was fully paid off during the current fiscal year.

On December 27, 2007, \$25,335 was borrowed from State Bank and Trust Company as a short term operating note. \$25,000 was disbursed to the City after a loan fee of \$335. This note had a 7.5% interest rate and was fully repaid during the current year.

CITY OF ROSEDALE, MISSISSIPPI
SCHEDULE OF LONG-TERM DEBT
SEPTEMBER 30, 2008

Issue Date	Description	Balance 10-1-07	Transactions During Fiscal Year		Balance Outstanding 9-30-08
			Issued	Redeemed	
<u>General Obligation Bonds</u>					
9-1-93	Road Improvement Bond	210,000		30,000	180,000
<u>Other Debts</u>					
8-4-95	State of MS (CAP) Loan	155,590		155,590	0
	<u>Subtotal</u>	<u>365,590</u>	<u>0</u>	<u>185,590</u>	<u>180,000</u>
<u>Revenue Bonds</u>					
6-18-74	Waterworks & Sewerage System (Second Lien)	22,000		22,000	0
11-4-82	Combined Water & Sewer System Bond	12,910		3,768	9,142
3-10-88	Combined Water & Sewer System Bond	88,565		3,292	85,273
8-4-04	Combined Water & Sewer System Bond	725,329		6,520	718,809
	<u>Subtotal</u>	<u>848,804</u>	<u>0</u>	<u>35,580</u>	<u>813,224</u>
	<u>Total</u>	<u>1,214,394</u>	<u>0</u>	<u>221,170</u>	<u>993,224</u>

CITY OF ROSEDALE, MISSISSIPPI
 SCHEDULE OF SURETY BONDS
 SEPTEMBER 30, 2008

<u>Name and Position</u>	<u>Surety</u>	<u>Amount</u>
Carey G. Estes Mayor	CNA Surety	81,000
Mae Rosie Williams Former City Clerk	CNA Surety	81,000
Jasanda Love City Clerk	CNA Surety	81,000
Tarsha C. Lewis Deputy / Police Clerk	CNA Surety	25,000
Isaac Morris Police Chief	CNA Surety	25,000
Tracey Lee Robinson Councilman	The Travelers Casualty	15,000
James Bolden Councilman	The Travelers Casualty	15,000
Lucille Mayfield Councilwoman	The Travelers Casualty	15,000
Elizabeth Lewis Councilwoman	The Travelers Casualty	15,000

CITY OF ROSEDALE, MISSISSIPPI
 COMBINING STATEMENT OF RECEIPTS & DISBURSEMENTS
 SPECIAL REVENUE FUNDS
 YEAR ENDED SEPTEMBER 30, 2008

	<u>Fire</u>	<u>Parks & Recreation</u>	<u>Library</u>	<u>Housing</u>	<u>Crime Prevention</u>	<u>Memorandum Totals</u>
<u>REVENUE RECEIPTS</u>						
General Property Taxes						
Current Levy	11,925	7,950	7,950			27,825
<u>Total Taxes</u>	11,925	7,950	7,950	0	0	27,825
State Grants						
Fire Protection Fee	12,503					12,503
Homestead Exemption Reimbursements	1,194	796	796			2,786
<u>Total State Grants</u>	13,697	796	796	0	0	15,289
Miscellaneous						
Interest Income	54	7	5			66
Other		311				311
<u>Total Miscellaneous</u>	54	318	5	0	0	377
<u>Total Cash Receipts</u>	25,676	9,064	8,751	0	0	43,491

CITY OF ROSEDALE, MISSISSIPPI
 COMBINING STATEMENT OF RECEIPTS & DISBURSEMENTS
 SPECIAL REVENUE FUNDS
 YEAR ENDED SEPTEMBER 30, 2008

	<u>Fire</u>	<u>Parks & Recreation</u>	<u>Library</u>	<u>Housing</u>	<u>Crime Prevention</u>	<u>Memorandum Totals</u>
<u>DISBURSEMENTS</u>						
Capital Outlay	9,529					9,529
Repairs, Maintenance & Supply	3,946	1,809				5,755
Other Services & Charges	871	5,510				6,381
Utilities & Telephone	5,494					5,494
Contract Services		2,400				2,400
Library Support			10,800			10,800
<u>Total Disbursements</u>	<u>19,840</u>	<u>9,719</u>	<u>10,800</u>	<u>0</u>	<u>0</u>	<u>40,359</u>
Excess (Deficiency) of Receipts Over Disbursements	5,836	(655)	(2,049)	0	0	3,132

CITY OF ROSEDALE, MISSISSIPPI
 COMBINING STATEMENT OF RECEIPTS & DISBURSEMENTS
 SPECIAL REVENUE FUNDS
 YEAR ENDED SEPTEMBER 30, 2008

	<u>Fire</u>	<u>Parks & Recreation</u>	<u>Library</u>	<u>Housing</u>	<u>Crime Prevention</u>	<u>Memorandum Totals</u>
Operating Transfers In	11,000		1,100			12,100
Operating Transfers Out	<u>(11,000)</u>					<u>(11,000)</u>
Excess Deficiency of Receipts & Other Sources Over (Under) Cash Disbursements & Other Uses	5,836	(655)	(949)	0	0	4,232
Cash & Investment Balance - Beginning of Year	<u>22,805</u>	<u>1,874</u>	<u>1,184</u>	<u>102</u>		<u>25,965</u>
Cash & Investment Balance - End of Year	<u>28,641</u>	<u>1,219</u>	<u>235</u>	<u>102</u>	<u>0</u>	<u>30,197</u>

OTHER FINANCING SOURCES (USES)

**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 the Statement of Cash Receipts and Disbursements, Governmental and Business-type Activities of the City of Rosedale, Mississippi as of and for the year ended September 30, 2008, and have issued our report thereon dated January 25, 2010. 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 receipts and disbursements basis of accounting, as permitted by the Mississippi State Department of Audit. This basis of accounting differs from accounting principles generally accepted in the United States of America 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 accounting principles generally accepted in the United States of America. Financial statements issued following accounting principles generally accepted in the United States of America normally contain Government-Wide Financial Statements, Fund Financial Statements, Management Discussion and Analysis (MD&A), Required Supplemental Information other than MD&A (Budgetary Reporting), and other Supplemental Information. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Rosedale, Mississippi's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the Statement of Cash Receipts and Disbursements, Governmental and Business-type Activities, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in the internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control. We considered the deficiencies described in the accompanying Schedule of Findings as Finding 08-1 through 08-2 to be significant deficiencies in internal control over financial reporting.


A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Rosedale, Mississippi's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weakness. However, we consider the significant deficiency described above in Finding 08-1 through 08-2 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Rosedale, Mississippi's Statement of Cash Receipts and Disbursements, Governmental and Business-type Activities is 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*.

This report is intended solely for the information and use of the management, 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. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, appearing to read "SUDJUN PM", is located at the bottom right of the page.

January 25, 2010

CITY OF ROSEDALE, MISSISSIPPI

Schedule of Findings For the Year Ended September 30, 2008

Section 1: Summary of Auditor's Results

08-1 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.

08-2 Finding:

The person responsible for the City of Rosedale's accounting and reporting function lacks the skills and knowledge to prepare financial statements with full disclosures.

Recommendation:

Evaluate the abilities of the current staff of the City of Rosedale and provide continuing education when available to enhance the knowledge of the staff.

Response:

The City of Rosedale is unable to upgrade their personnel to a skill level necessary to eliminate this finding due to limited funding resources.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
STATE LAWS AND REGULATIONS**

Honorable Mayor and City Council
City of Rosedale, Mississippi

We have audited the Statement of Cash Receipts and Disbursements, Governmental and Business-type Activities of the City of Rosedale, Mississippi as of and for the year ended September 30, 2008, and have issued our report thereon dated January 25, 2010. 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 receipts and disbursements basis of accounting, as permitted by the Mississippi State Department of Audit. This basis of accounting differs from accounting principles generally accepted in the United States of America 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 accounting principles generally accepted in the United States of America. Financial statements issued following accounting principles generally accepted in the United States of America normally contain Government-Wide Financial Statements, Fund Financial Statements, Management Discussion and Analysis (MD&A), Required Supplemental Information other than MD&A (Budgetary Reporting), and other Supplemental Information. 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.

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 an opinion.

The results of the procedures and our audit of the Statement of Cash Receipts and Disbursements, Governmental and Business-type Activities disclosed the following instances of noncompliance with state laws and regulations. Our findings and recommendations are as follows:

Finding:

The City did not comply with Section 21-39-9 Mississippi Code Annotated (1972), which requires that all claims should be paid in the order of their entry in the claims docket.

Recommendation:

We strongly suggest that the City comply with Section 21-39-9, Mississippi Code Annotated (1972).

Response:

The City will comply with this requirement in the future.

Finding:

The City did not comply with Section 99-19-73 Mississippi Code Annotated (1972), which requires that all state-imposed court assessments collected be settled on a monthly basis.

Recommendation:


We strongly suggest that the City comply with Section 99-19-73, Mississippi Code Annotated (1972).

Response:

The City will comply with this requirement in the future.

These items will be reviewed in subsequent audits to determine that corrective action has been taken.

This report is intended for the information of the Mayor and City Council and is not intended to be and should not be used by anyone other than these specified parties.

 CPP
PUC

January 25, 2010