City of Hattiesburg, MS

200 Forrest St.
P.O. Box 1898
Hattiesburg, MS 39401

Meeting Agenda - Final

Monday, June 17, 2019

4:00 PM

Council Chambers

<u>City Council - Agenda Review</u>

I. Call to Order

II. Agenda Review

Agenda Adjustments

Add the following items at the request of the Administration:

V.-15 2019-458 Adopt an Ordinance pertaining to paraphernalia as defined in Mississippi Code 41-29-105 (V) within the City of Hattiesburg.

Attachments: Paraphernalia Ordinance

Executed Ordinance 3258 pertaining to paraphernalia

V.-16 2019-455 Adopt an Ordinance developing a process by which those persons charged with only a first offense of simple possession of thirty (30) grams or less of marijuana should be processed.

Attachments: Marijuana Ordinance

MD - Statement for Marijuana Ordinance, 6-18-19

Executed Ordinance 3259 first offense of simple possession of thirty grams or le

V.-17 2019-459 Authorize Mayor to execute Memorandum of Understanding between the City of Hattiesburg and Twin Forks Rising Community Development Corporation, for the purpose of comprehensive redevelopment in Ward 2.

Attachments: TFR-MOU

MD - Statement, 6-18-19

Executed MOU with Twin Forks Rising Community Development Corp of Ward :

VI.-12 2019-454 Acknowledge receipt of the audit of Twin Forks Rising Community Development Corporation for the fiscal year ending December 31,2018, from Brown, Ewing & Co, P.A.

Attachments: Twin Forks 2018-Audit

Twin Forks ML 2018

III. Citizen Forum

IV. Meeting Recess

City of Hattiesburg, MS

200 Forrest St.
P.O. Box 1898
Hattiesburg, MS 39401

Master

File Number: 2019-458

File ID:	2019-458	**Type:**	Regular Agenda Item	**Status:**	Passed
Version:	1	**Reference:**		**In Control:**	City Council
Requester:				**File Created:**	06/17/2019
Brief Title:	Adoption of Paraphernalia Ordinance.			**Final Action:**	06/18/2019
				Minute Book Number:	MB 2019-150

Title:

Adopt an Ordinance pertaining to paraphernalia as defined in Mississippi Code 41-29-105 (V) within the City of Hattiesburg.

Notes:			
		Agenda Date:	06/18/2019
Indexes:		**Agenda Number:**	V.-15
Sponsors:		**Enactment Date:**	
Attachments:	Paraphernalia Ordinance, Executed Ordinance 3258 pertaining to paraphernalia	**Enactment Number:**	
Contact:		**Meeting Date:**	
Drafter:		**Effective Date:**	

History of Legislative File

Ver-sion:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:
1	City Council - Agenda Review	06/17/2019					
1	City Council	06/18/2019	Adopt				Pass

Action Text: A MOTION was made by Council Vice President Dryden and seconded by Council Member George to Adopt an Ordinance (#3258) pertaining to paraphernalia as defined in Mississippi Code 41-29-105 (V) within the City of Hattiesburg.

There being no discussion, the Motion received the affirmative vote of the Council as follows:

Yeas: 5 - George, Delgado, Carroll, Dryden and Brown

Nays: 0

Yea: 5
Council Member George
Council Member Delgado
Council President Carroll
Council Vice President Dryden
Council Member Brown

Text of Legislative File 2019-458

Title

Adopt an Ordinance pertaining to paraphernalia as defined in Mississippi Code 41-29-105 (V) within the City of Hattiesburg.

Summary

Adoption of Paraphernalia Ordinance.

Budget Information

Expenditure Type

Purchasing Item

Publication Information

ORDINANCE NO._________

OF THE CITY OF HATTIESBURG, MISSISSIPPI

AN ORIDINANCE PERTAINING TO PARAPHERNALIA AS DEFINED IN MS CODE 41-29-105 (V).

WHEREAS, under *Miss. Code Ann.* § 41-29-139 (d) (2) it is unlawful for any person to deliver, sell, possess with intent to deliver or sell, or manufacture with intent to deliver or sell, paraphernalia, knowing or under circumstances where one reasonably should know, that it will be used to plant, propagate, cultivate, grow, harvest, manufacture, compound, convert, produce, process, prepare, test, analyze, pack, repack, store, contain, conceal, inject, ingest, inhale, or otherwise introduce into the human body a controlled substance in violation of the Uniform Controlled Substances Law; and

WHEREAS, *Miss. Code Ann.* § 41-29-105 (v) defines "paraphernalia" and provides how a court or other authority may determine whether an object is paraphernalia; and

WHEREAS, under *Miss. Code Ann.* § 21-17-5 (1) provides that the governing authorities of every municipality in Mississippi shall have the power to adopt orders, resolutions or ordinances with respect to the municipal affairs, property and finances which are not inconsistent with the Mississippi Constitution or any statute or law of the State of Mississippi; and

WHEREAS, the Council has been made aware of items which are primarily designed and intended for use with illegal drugs being offered for sale within the city limits of Hattiesburg, and the Council is particularly concerned that such items are being displayed in a manner that attempts to glamorize these products and make them attractive to teenagers and young adults;

NOW, THEREFORE, BE IT ORDAINED by the Mayor and the City Council of the City of Hattiesburg, Mississippi:

SECTION 1. For purposes of this Ordinance, "person" shall mean owner, principal, clerk, agent or employee.

SECTION 2. No person shall offer for sale any items described in *Miss. Code Ann.* § 41-29-105 (v) in open displays which are visible or accessible to the public without the intervention of a store employee or the store's owner. Any person who sells any items described in *Miss. Code Ann.* § 41-29-105 (v) shall require the potential purchaser of said items to provide proof that he or she is at least eighteen (18) years of age.

SECTION 3. No person shall offer for sale any items described in *Miss. Code Ann.* § 41-29-105 (v) within Seven Hundred Fifty Feet (750') of any church, school, kindergarten or preschool.

SECTION 4. Any person violating this Ordinance shall be guilty of a misdemeanor, and, upon conviction, shall be punished by a fine of not less than $100.00 nor more than $500.00, or by imprisonment not to exceed ninety (90) days, or by both such fine and imprisonment.

SECTION 5. Nothing contained herein is intended to be in conflict with the laws of the State of Mississippi, and if any section, subsection, sentence, clause, phrase or portion of this Ordinance is for any reason held to be invalid or unconstitutional by any court of competent jurisdiction, the remaining portions of this Ordinance shall remain in effect.

SECTION 6. This Ordinance shall take effect and be in force thirty (30) days from and after its passage as provided by law.

The foregoing ordinance having been reduced to writing, the same was introduced by Council member______________, seconded by Council member________________, and was adopted by the following vote, to wit:

YEAS: **NAYS:**

The President thereby declared the motion carried and the Resolution adopted, on this 18th day of June, A.D., 2019.

(SEAL)

ATTEST: **ADOPTED:**

__________________________ __________________________

CLERK OF COUNCIL **PRESIDENT OF COUNCIL**

The above and foregoing ordinance having been submitted to and approved by the Mayor, on this the 18th day of June, A.D., 2019.

ATTEST: **APPROVED:**

____________________________ ___________________________

CITY CLERK **MAYOR**

There came on for consideration at a duly constituted meeting of the Mayor and Members of the City Council of the City of Hattiesburg, Mississippi, held on the **18th** day of **June, 2019**, the following ordinance:

ORDINANCE NO. 3258

OF THE CITY OF HATTIESBURG, MISSISSIPPI

AN ORIDINANCE PERTAINING TO PARAPHERNALIA AS DEFINED IN MS CODE 41-29-105 (V).

WHEREAS, under *Miss. Code Ann.* § 41-29-139 (d) (2) it is unlawful for any person to deliver, sell, possess with intent to deliver or sell, or manufacture with intent to deliver or sell, paraphernalia, knowing or under circumstances where one reasonably should know, that it will be used to plant, propagate, cultivate, grow, harvest, manufacture, compound, convert, produce, process, prepare, test, analyze, pack, repack, store, contain, conceal, inject, ingest, inhale, or otherwise introduce into the human body a controlled substance in violation of the Uniform Controlled Substances Law; and

WHEREAS, *Miss. Code Ann.* § 41-29-105 (v) defines "paraphernalia" and provides how a court or other authority may determine whether an object is paraphernalia; and

WHEREAS, under *Miss. Code Ann.* § 21-17-5 (1) provides that the governing authorities of every municipality in Mississippi shall have the power to adopt orders, resolutions or ordinances with respect to the municipal affairs, property and finances which are not inconsistent with the Mississippi Constitution or any statute or law of the State of Mississippi; and

WHEREAS, the Council has been made aware of items which are primarily designed and intended for use with illegal drugs being offered for sale within the city limits of Hattiesburg, and the Council is particularly concerned that such items are being displayed in a manner that attempts to glamorize these products and make them attractive to teenagers and young adults;

NOW, THEREFORE, BE IT ORDAINED by the Mayor and the City Council of the City of Hattiesburg, Mississippi:

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SECTION 2. No person shall offer for sale any items described in *Miss. Code Ann.* § 41-29-105 (v) in open displays which are visible or accessible to the public without the intervention of a store employee or the store's owner. Any person who sells any items described in *Miss. Code Ann.* § 41-29-105 (v) shall require the potential purchaser of said items to provide proof that he or she is at least eighteen (18) years of age.

SECTION 3. No person shall offer for sale any items described in *Miss. Code Ann.* § 41-29-105 (v) within Seven Hundred Fifty Feet (750') of any church, school, kindergarten or preschool.

SECTION 4. Any person violating this Ordinance shall be guilty of a misdemeanor, and, upon conviction, shall be punished by a fine of not less than $100.00 nor more than $500.00, or by imprisonment not to exceed ninety (90) days, or by both such fine and imprisonment.

SECTION 5. Nothing contained herein is intended to be in conflict with the laws of the State of Mississippi, and if any section, subsection, sentence, clause, phrase or portion of this Ordinance is for any reason held to be invalid or unconstitutional by any court of competent jurisdiction, the remaining portions of this Ordinance shall remain in effect.

SECTION 6. This Ordinance shall take effect and be in force thirty (30) days from and after its passage as provided by law.

The above and foregoing Ordinance, after having been first reduced to writing, was introduced by Council Member Delgado, seconded by Council Member Brown, and was adopted by the following, to wit;

YEAS:	**NAYS:**	**ABSENT:**
George	**None**	**None**
Delgado		
Carroll		
Dryden		
Brown		

The President thereby declared the motion carried and the Ordinance adopted this the **18th** day of **June, 2019**.

(S E A L)

ATTEST: **ADOPTED:**

CLERK OF COUNCIL **COUNCIL PRESIDENT**

The above and foregoing Ordinance, having been submitted to and approved by the Mayor, this **18th** day of **June, 2019**.

ATTEST: **APPROVED:**

CITY CLERK **MAYOR**

City of Hattiesburg, MS

200 Forrest St.
P.O. Box 1898
Hattiesburg, MS 39401

Master

File Number: 2019-455

File ID: 2019-455 **Type:** Regular Agenda Item **Status:** Passed

Version: 1 **Reference:** **In Control:** City Council

Requester: **File Created:** 06/14/2019

Brief Title: Ordinance developing a process of how persons charged with first offense of simple possession of marijuana of 30 grams or less should be processed. **Final Action:** 06/18/2019

Minute Book Number: MB 2019-150-151

Title:

Adopt an Ordinance developing a process by which those persons charged with only a first offense of simple possession of thirty (30) grams or less of marijuana should be processed.

Notes:

Agenda Date: 06/18/2019

Indexes: **Agenda Number:** V.-16

Sponsors: **Enactment Date:**

Attachments: Marijuana Ordinance, MD - Statement for Marijuana Ordinance, 6-18-19, Executed Ordinance 3259 first offense of simple possession of thirty grams or less of marijuana **Enactment Number:**

Contact: **Meeting Date:**

Drafter: **Effective Date:**

History of Legislative File

Ver-sion:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:
1	City Council - Agenda Review	06/17/2019					
1	City Council	06/18/2019	Adopt				Pass

Action Text: A MOTION was made by Council Member Delgado and seconded by Council Member Brown to Adopt an Ordinance (#3259) developing a process by which those persons charged with only a first offense of simple possession of thirty (30) grams or less of marijuana should be processed.

Council Vice President Dryden made a statement, see attached.

Council member Delgado also stated that she is grateful for all of the time and effort that the City has put into getting to where the City is today. She understood that the decision was not taken lightly and understood the concerns of the constituents and the people throughout the City of Hattiesburg. Council member Delgado does agree with Council Vice President Dryden that the Ordinance does not make the use of Marijuana legal in Hattiesburg. She explained that the Ordinance makes it more of policy to help enforce the law, and decrease housing expenditures due to minor offenses.

Following discussion, the Motion received the affirmative vote of the Council as follows:

Yeas: 5 - George, Delgado, Carroll, Dryden and Brown

Nays: 0

Yea:	5	Council Member George
		Council Member Delgado
		Council President Carroll
		Council Vice President Dryden
		Council Member Brown

Text of Legislative File 2019-455

Title

Adopt an Ordinance developing a process by which those persons charged with only a first offense of simple possession of thirty (30) grams or less of marijuana should be processed.

Summary

Ordinance developing a process of how persons charged with first offense of simple possession of 30 grams or less of marijuana should be processed.

Budget Information

Expenditure Type

Purchasing Item

Publication Information

ORDINANCE NO._______________

OF THE CITY OF HATTIESBURG, MISSISSIPPI

AN ORDINANCE DEVELOPING A PROCESS BY WHICH THOSE PERSONS CHARGED WITH ONLY A FIRST OFFENSE OF SIMPLE POSSESSION OF THIRTY (30) GRAMS OR LESS OF MARIJUANA SHOULD BE PROCESSED.

WHEREAS, the City of Hattiesburg ("the City") has an interest in maintaining the public safety and general welfare of the City and its visitors; and

WHEREAS, simple possession of marijuana (i.e., possession of thirty (30) grams or less of marijuana) is presently illegal under *Miss. Code Ann.* § 41-29-139 (c) (2) (A) 1., as amended, and that Code subsection provides discretion to law enforcement as to whether to punish the violation of the subsection by summons if the offender provides proof of identity satisfactory to the arresting officer and gives written promise to appear in court satisfactory to the arresting officer, thereby avoiding stigmatizing the offender and creating an undue burden on the City in regards to jail costs; and

WHEREAS, the Municipal Court of the City is granted jurisdiction to try and dispose of cases in which a person is in violation of City ordinances and State law, including, but not limited to simple possession of marijuana.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF HATTIESBURG HEREBY ORDAINS the following:

1. The Hattiesburg Police Department should enforce the violation of *Miss. Code Ann.* § 41-29-139 (c) (2) (A) 1. As amended, by summons rather than by imprisonment. If an officer chooses to imprison an offender rather than by summons, that officer shall file with the Chief of Police a written statement explaining why he or she opted for imprisonment.

2. The Municipal Court should punish an initial violation of *Miss. Code Ann.* § 41-29-139 (c) (2) (A) 1. As amended, by a fine of not more than One Hundred Dollars ($100.00).

3. The Municipal Court should develop a process by which those persons charged with only a first offense of simple possession of marijuana will be fast-tracked through the court process, may pursue non-adjudication of said charge, would receive counseling and, where appropriate in the opinion of the Municipal Court Judge, referral for treatment.

4. Nothing contained herein is intended to be in conflict with *Miss. Code Ann.* § 41-29-139 (c) (2) (A) 1., as amended, and if any section, subsection, sentence, clause, phrase or portion of this Ordinance is for any reason held to be invalid or unconstitutional by any court of competent jurisdiction, the remaining portions of this Ordinance shall remain in effect.

This ordinance shall be effective one (1) month after its passage and after publication of same as required in 21-13-11 Mississippi Code of 1972.

The foregoing ordinance having been reduced to writing, the same was introduced by Council member______________, seconded by Council member _______________, and was adopted by the following vote, to wit:

YEAS: NAYS:

The President thereby declared the motion carried and the Resolution adopted, on this the 18th day of June, A.D., 2019

(SEAL)

ATTEST: **ADOPTED**:

________________________ ________________________

CLERK OF COUNCIL **PRESIDENT OF COUNCIL**

The above and foregoing ordinance having been submitted to and approved by the Mayor, on this the 18th day of June, A.D., 2019.

ATTEST: **APPROVED:**

________________________ ________________________

CITY CLERK **MAYOR**

MARIJUANA ORDINANCE

It is very clear that the recreational use of marijuana is harmful. It effects the sexual reproduction system and inhibits the normal development of young people physically, emotionally, and intellectually, when used chronically during puberty.

There have been concerns expressed by others and me about the perception that people will have that our city is accepting the use of marijuana by passing an ordinance concerning the policy of law enforcement.

Although every attempt was made in yesterday's meeting to make it clear that this ordinance is simply stating our state statutes and spelling out the policies used already by the Hattiesburg Police Department, the tv news last night indicated more than that. That concerns me.

So, let me be clear. This ordinance simply spells out that marijuana continues to be illegal in Hattiesburg, MS, and that our law enforcement will enforce the law. The reason for supporting this ordinance is that it fast tracks users through the Behavioral Court system where support and referral to resources for treatment can be implemented.

There came on for consideration at a duly constituted meeting of the Mayor and Members of the City Council of the City of Hattiesburg, Mississippi, held on the **18th** day of **June, 2019**, the following ordinance:

ORDINANCE NO. 3259

OF THE CITY OF HATTIESBURG, MISSISSIPPI

AN ORDINANCE DEVELOPING A PROCESS BY WHICH THOSE PERSONS CHARGED WITH ONLY A FIRST OFFENSE OF SIMPLE POSSESSION OF THIRTY (30) GRAMS OR LESS OF MARIJUANA SHOULD BE PROCESSED.

WHEREAS, the City of Hattiesburg ("the City") has an interest in maintaining the public safety and general welfare of the City and its visitors; and

WHEREAS, simple possession of marijuana (i.e., possession of thirty (30) grams or less of marijuana) is presently illegal under *Miss. Code Ann.* § 41-29-139 (c) (2) (A) 1., as amended, and that Code subsection provides discretion to law enforcement as to whether to punish the violation of the subsection by summons if the offender provides proof of identity satisfactory to the arresting officer and gives written promise to appear in court satisfactory to the arresting officer, thereby avoiding stigmatizing the offender and creating an undue burden on the City in regards to jail costs; and

WHEREAS, the Municipal Court of the City is granted jurisdiction to try and dispose of cases in which a person is in violation of City ordinances and State law, including, but not limited to simple possession of marijuana.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF HATTIESBURG HEREBY ORDAINS the following:

1. The Hattiesburg Police Department should enforce the violation of *Miss. Code Ann.* § 41-29-139 (c) (2) (A) 1. As amended, by summons rather than by imprisonment. If an officer chooses to imprison an offender rather than by summons, that officer shall file with the Chief of Police a written statement explaining why he or she opted for imprisonment.

2. The Municipal Court should punish an initial violation of *Miss. Code Ann.* § 41-29-139 (c) (2) (A) 1. As amended, by a fine of not more than One Hundred Dollars ($100.00).

3. The Municipal Court should develop a process by which those persons charged with only a first offense of simple possession of marijuana will be fast-tracked through the court process, may pursue non-adjudication of said charge, would receive counseling and, where appropriate in the opinion of the Municipal Court Judge, referral for treatment.

4. Nothing contained herein is intended to be in conflict with *Miss. Code Ann.* § 41-29-139 (c) (2) (A) 1., as amended, and if any section, subsection, sentence, clause, phrase or portion of this Ordinance is for any reason held to be invalid or unconstitutional by any court of competent jurisdiction, the remaining portions of this Ordinance shall remain in effect.

This ordinance shall be effective one (1) month after its passage and after publication of same as required in 21-13-11 Mississippi Code of 1972.

The above and foregoing Ordinance, after having been first reduced to writing, was introduced by Council Member Delgado, seconded by Council Member Brown, and was adopted by the following, to wit;

YEAS:	**NAYS:**	**ABSENT:**
George	**None**	**None**
Delgado		
Carroll		
Dryden		
Brown		

The President thereby declared the motion carried and the Ordinance adopted this the **18th** day of **June, 2019**.

(S E A L)

ATTEST: **ADOPTED:**

CLERK OF COUNCIL **COUNCIL PRESIDENT**

The above and foregoing Ordinance, having been submitted to and approved by the Mayor, this **18th** day of **June, 2019**.

ATTEST: **APPROVED:**

CITY CLERK **MAYOR**

City of Hattiesburg, MS

200 Forrest St.
P.O. Box 1898
Hattiesburg, MS 39401

Master

File Number: 2019-459

File ID: 2019-459 **Type:** Regular Agenda Item **Status:** Agenda Ready

Version: 1 **Reference:** **In Control:** City Council

Requester: **File Created:** 06/17/2019

Brief Title: MOU between the City of Hattiesburg and Twin Forks Rising Community Development Corporation. **Final Action:** 06/18/2019

Minute Book Number: MB 2019-151

Title:

Authorize Mayor to execute Memorandum of Understanding between the City of Hattiesburg and Twin Forks Rising Community Development Corporation, for the purpose of comprehensive redevelopment in Ward 2.

Notes:

Agenda Date: 06/18/2019

Indexes: **Agenda Number:** V.-17

Sponsors: **Enactment Date:**

Attachments: TFR-MOU, MD - Statement, 6-18-19, Executed MOU with Twin Forks Rising Community Development Corp of Ward 2 redevelopment **Enactment Number:**

Contact: **Meeting Date:**

Drafter: **Effective Date:**

History of Legislative File

Ver-sion:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:
1	City Council - Agenda Review	06/17/2019					
1	City Council	06/18/2019	Authorize				Pass

Action Text: A MOTION was made by Council Member Delgado and seconded by Council Member Brown to Authorize Mayor to execute Memorandum of Understanding between the City of Hattiesburg and Twin Forks Rising Community Development Corporation, for the purpose of comprehensive redevelopment in Ward 2.

Council Vice president Dryden made a statement regarding her vote of action, see attached.

Following no discussion, the Motion received the affirmative vote of the Council as follows:

Yeas: 4 - George, Delgado, Carroll and Brown

Nays: 1 - Dryden

Yea:	5	Council Member George Council Member Delgado Council President Carroll Council Vice President Dryden Council Member Brown

Text of Legislative File 2019-459

Title

Authorize Mayor to execute Memorandum of Understanding between the City of Hattiesburg and Twin Forks Rising Community Development Corporation, for the purpose of comprehensive redevelopment in Ward 2.

Summary

MOU between the City of Hattiesburg and Twin Forks Rising Community Development Corporation.

Budget Information

Expenditure Type

Purchasing Item

Publication Information

Twin Forks Rising Community Development Corporation
2019 Memorandum of Understanding

This agreement constitutes a Memorandum of Understanding (MOU) between Twin Forks Rising Community Development Corporation (TFR), a 501 (c) (3) corporation, and the City of Hattiesburg for the purpose of comprehensive redevelopment of Ward 2, which was adopted by the City of Hattiesburg in 2013 and included in the City's Comprehensive Plan.

The mission of Twin Forks Rising Community Development Corporation is to administer, foster and drive the comprehensive redevelopment of Ward 2 by implementing the Twin Forks Rising Master Plan. The plan is designed to improve the quality of life for its residents, business and other stakeholders, in the areas of housing, job development and training, infrastructure, business development, revitalization of community business districts and the promotion of a healthy community.

FOR GOOD CONSIDERATION, The City of Hattiesburg agrees to contract with TFR on the following terms and conditions:

Section I: City of Hattiesburg Agrees to:

1. The City of Hattiesburg will fund TFR in the amount of $150,000.00 for FY 2019.
2. The City of Hattiesburg agrees to expend in-kind services to provide office space for TFR to operate.
3. The City of Hattiesburg agrees to expend the use of certain City facilities and parks at no charge for TFR coordinated events.
4. The City of Hattiesburg agrees to expend the use of certain City services at no charge for TFR coordinated events.

Section II: TFR Agrees to:

1. Employ a Director/Program Coordinator who will be responsible for the day-to-day administration of the community development corporation. Funding for salaries shall be provided at a capped amount as follows: 45%-1 employee, 60%-2 employees, and up 70%-3 employees.
2. Designate a TFR team member to be the point of contact for the City. This team member will be available to answer questions, provide collateral materials, and TFR program matters.
3. Promote and maintain an active membership and board. City of Hattiesburg shall participate in an ex officio capacity on the executive board for time period as defined in legislative authority to contribute funding.
4. Make public and provide a copy of its current year budget to the City of Hattiesburg as per MS Code 79-11-283.
5. As a requirement provided by the Internal Revenue Code, 501(c)(3) corporations are limited and in some cases prohibited from participating in certain types of political activities. TFR agrees to comply with all requirements related to this issue.
6. Provide a list of measurable objectives for which the $150,000 in funding will be used within 30 days of receiving funds and issue a final report detailing which objectives were met/not met within one month of fiscal year end September 30, 2019.
7. Expend funds and in-kind services for maintaining an office with the necessary operating budget for the director to administer the day-to-day CDC operation.

8. File all applicable IRS Forms in accordance with state and federal taxation laws. Program will be required to register as a Mississippi charitable organization with the Mississippi Secretary of State's office.
9. Provide an annual Independent Financial Audit to the City of Hattiesburg in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Government Auditing Standards issued by the Comptroller General of the United States. Audit information must be filed with City of Hattiesburg within six months of fiscal year end September 30, 2019.
10. Make every effort to include the TFR logo on printed and electronic materials.
11. Maintain public and private sector community support for the program.
12. Provide 5-10 year sustainability plan detailing TFR's plan for continuation into the future beyond City funding.

Section III: City of Hattiesburg and TFR Jointly Agree that:

1. The term of the contract shall be the fiscal year 2018 beginning June 19, 2019 and ending on September 30, 2019.

WITNESS WHEROF, the parties have executed this agreement

BY:______________________________ ______________

Mayor Date

BY:______________________________ ______________

TFR Board President/Chair Date

Mrs. Delgado,

We are big fans of your Twin Forks Rising concept and appreciate very much what you are doing for the Ward 2 area.

It seems like these guys do no want to offend you, and there are times that we as women need to look out for each other.

As we have discussed before today, there are concerns about the size of the salaries in proportion to the revenue stream; and there is a lot of scrutiny currently on the federal level about the size of salaries in nonprofits. The accepted amount for nonprofits under $1 million is 1%, and for 65%to be committed to programming.

The proportion of salaries listed in this MOU is not a fiscally sound business practice in my opinion, and to approve it is tantamount to setting you up for failure; therefore, I am not willing to do that.

Twin Forks Rising Community Development Corporation
2019 Memorandum of Understanding

This agreement constitutes a Memorandum of Understanding (MOU) between Twin Forks Rising Community Development Corporation (TFR), a 501 (c) (3) corporation, and the City of Hattiesburg for the purpose of comprehensive redevelopment of Ward 2, which was adopted by the City of Hattiesburg in 2013 and included in the City's Comprehensive Plan.

The mission of Twin Forks Rising Community Development Corporation is to administer, foster and drive the comprehensive redevelopment of Ward 2 by implementing the Twin Forks Rising Master Plan. The plan is designed to improve the quality of life for its residents, business and other stakeholders, in the areas of housing, job development and training, infrastructure, business development, revitalization of community business districts and the promotion of a healthy community.

FOR GOOD CONSIDERATION, The City of Hattiesburg agrees to contract with TFR on the following terms and conditions:

Section I: City of Hattiesburg Agrees to:

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2. The City of Hattiesburg agrees to expend in-kind services to provide office space for TFR to operate.
3. The City of Hattiesburg agrees to expend the use of certain City facilities and parks at no charge for TFR coordinated events.
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1. Employ a Director/Program Coordinator who will be responsible for the day-to-day administration of the community development corporation. Funding for salaries shall be provided at a capped amount as follows: 45%-1 employee, 60%-2 employees, and up 70%-3 employees.
2. Designate a TFR team member to be the point of contact for the City. This team member will be available to answer questions, provide collateral materials, and TFR program matters.
3. Promote and maintain an active membership and board. City of Hattiesburg shall participate in an ex officio capacity on the executive board for time period as defined in legislative authority to contribute funding.
4. Make public and provide a copy of its current year budget to the City of Hattiesburg as per MS Code 79-11-283.
5. As a requirement provided by the Internal Revenue Code, 501(c)(3) corporations are limited and in some cases prohibited from participating in certain types of political activities. TFR agrees to comply with all requirements related to this issue.
6. Provide a list of measurable objectives for which the $150,000 in funding will be used within 30 days of receiving funds and issue a final report detailing which objectives were met/not met within one month of fiscal year end September 30, 2019.
7. Expend funds and in-kind services for maintaining an office with the necessary operating budget for the director to administer the day-to-day CDC operation.

8. File all applicable IRS Forms in accordance with state and federal taxation laws. Program will be required to register as a Mississippi charitable organization with the Mississippi Secretary of State's office.
9. Provide an annual Independent Financial Audit to the City of Hattiesburg in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Government Auditing Standards issued by the Comptroller General of the United States. Audit information must be filed with City of Hattiesburg within six months of fiscal year end September 30, 2019.
10. Make every effort to include the TFR logo on printed and electronic materials.
11. Maintain public and private sector community support for the program.
12. Provide 5-10 year sustainability plan detailing TFR's plan for continuation into the future beyond City funding.

Section III: City of Hattiesburg and TFR Jointly Agree that:

1. The term of the contract shall be the fiscal year 2018 beginning June 19, 2019 and ending on September 30, 2019.

WITNESS WHEROF, the parties have executed this agreement

BY: ______________________ 6-18-19
Mayor Date

BY: ______________________ ______________
TFR Board President/Chair Date

City of Hattiesburg, MS

200 Forrest St.
P.O. Box 1898
Hattiesburg, MS 39401

Master

File Number: 2019-454

File ID:	2019-454	**Type:**	Regular Agenda Item	**Status:**	Agenda Ready
Version:	1	**Reference:**		**In Control:**	City Council
Requester:				**File Created:**	06/14/2019
Brief Title:	Acknowledging receipt of Twin Forks Rising Community Development Corporation audit for fiscal year ending December 31,2018.			**Final Action:**	
				Minute Book Number:	MB 2019-152

Title:

Acknowledge receipt of the audit of Twin Forks Rising Community Development Corporation for the fiscal year ending December 31,2018, from Brown, Ewing & Co, P.A.

Notes:			
		Agenda Date:	06/18/2019
Indexes:		**Agenda Number:**	VI.-12
Sponsors:		**Enactment Date:**	
Attachments:	Twin Forks 2018-Audit, Twin Forks ML 2018	**Enactment Number:**	
Contact:		**Meeting Date:**	06/18/2019
Drafter:		**Effective Date:**	

History of Legislative File

Ver-sion:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:
1	City Council - Agenda Review	06/17/2019					

Action Text: Paige Johnson and Joe Townsend of Topp McWhorter Harvey, PLLC appeared before the Council to provide an overview of the 2018 Audit.

Following discussion of agenda items, Council President Carroll closed the Agenda Review.

Ver-sion:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:
1	City Council	06/18/2019					

Text of Legislative File 2019-454

Title

Acknowledge receipt of the audit of Twin Forks Rising Community Development Corporation for the fiscal year ending December 31,2018, from Brown, Ewing & Co, P.A.

Summary

Acknowledging receipt of Twin Forks Rising Community Development Corporation audit for fiscal year ending December 31,2018.

Budget Information

Expenditure Type

Purchasing Item

Publication Information

TWIN FORKS RISING COMMUNITY DEVELOPMENT CORPORATION

AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2018

TWIN FORKS RISING COMMUNITY DEVELOPMENT CORPORATION

DECEMBER 31, 2018

TABLE OF CONTENTS

BROWN, EWING & CO.
P.A.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Twin Forks Rising Community Development Corporation
Hattiesburg, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of Twin Forks Rising Community Development Corporation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on 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 opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Twin Forks Rising Community Development Corporation, as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 13, 2019, on our consideration of Twin Forks Rising Community Development Corporation'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 Twin Forks Rising Community Development Corporation'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 Twin Forks Rising Community Development Corporation's internal control over financial reporting and compliance.

Brown, Eaz & Co.

Ridgeland, Mississippi
May 13, 2019

EXHIBIT I

TWIN FORKS RISING COMMUNITY DEVELOPMENT CORPORATION
Statement of Financial Position
For the Year Ended December 31, 2018

ASSETS		
Current Assets		
Cash and cash equivalents	$	62,892
Grants and contracts receivable		8,300
Total Current Assets		71,192
TOTAL ASSETS	$	71,192
LIABILITIES AND NET ASSETS		
LIABILITIES		
Current Liabilities		
Accounts payable, trade	$	350
Accrued taxes payable		1,613
Total Current Liabilities		1,963
Total Liabilities		1,963
Net Assets		
Without Donor Restrictions		17,794
With Donor Restrictions (Purpose restrictions)		51,435
Total Net Assets		69,229
TOTAL LIABILITIES AND NET ASSETS	$	71,192

The accompanying notes are an integral part of these financial statements.

TWIN FORKS RISING COMMUNITY DEVELOPMENT CORPORATION
Statement of Activities
For the Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Grants and contracts	$ -	$ 206,128	$ 206,128
Interest income	13	-	13
Other income	36,892	-	36,892
Total Revenues and Support	36,905	206,128	243,033
Net asset released from restriction:			
Expiration of time restrictions	154,693	(154,693)	-
Total Net Assets Released From Restrictions	154,693	(154,693)	-
TOTAL REVENUES AND SUPPORT	191,598	51,435	243,033
EXPENSES			
Program services			
SNAP Grant	40,828	-	40,828
Black voters matter fund	4,795	-	4,795
Healthy Communities initiative	8,300	-	8,300
Mobile street festival	19,111	-	19,111
Total Program Services	73,034	-	73,034
Supportive Services			
Management and general	100,770	-	100,770
Total Supportive Services	100,770	-	100,770
TOTAL EXPENSES	173,804	-	173,804
Change in Net Assets	17,794	51,435	69,229
Net Assets, Beginning of Year	-	-	-
NET ASSETS, END OF YEAR	$ 17,794	$ 51,435	$ 69,229

The accompanying notes are an integral part of these financial statements.

TWIN FORKS RISING COMMUNITY DEVELOPMENT CORPORATION
Statement of Functional Expenses
For the Year Ended December 31, 2018

	PROGRAM SERVICES				SUPPORTIVE SERVICES		
	SNAP Program	Black Voters Matter Fund	Healthy Communities Initiative	Mollie Street Festival	Total Program Services	Management and General	TOTAL
EXPENSES							
Salaries and wages	$ -	-	-	-	-	63,950	$ 63,950
Professional fees	5,066	-	6,500	-	11,566	26,350	37,916
Bank charges	-	-	-	-	-	62	62
Advertising	-	-	-	-	-	1,717	1,717
Office supplies	-	-	1,800	-	1,800	5,504	7,304
Contract services	77	-	-	-	77	652	729
Conferences & meetings	-	-	-	-	-	340	340
Telephone	-	-	-	-	-	1,667	1,667
Travel	-	-	-	-	-	213	213
Housing renovations	35,685	-	-	-	35,685	-	35,685
Community outreach	-	4,795	-	-	4,795	-	4,795
Mobile festival expense	-	-	-	19,111	19,111	-	19,111
Postage and shipping	-	-	-	-	-	315	315
Total expenses before depreciation	40,828	4,795	8,300	19,111	73,034	100,770	173,804
TOTAL EXPENSES	$ 40,828	4,795	8,300	19,111	73,034	100,770	$ 173,804

The accompanying notes are an integral part of these financial statements.

EXHIBIT IV

TWIN FORKS RISING COMMUNITY DEVELOPMENT CORPORATION
Statements of Cash Flows
For the Year Ended December 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income (Loss)	$	69,229
(Increase) or decrease in:		
Grants receivable		(8,300)
Increase or (decrease) in:		
Accounts payable		350
Payroll taxes payable		1,613
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		62,892
NET INCREASE (DECREASE) IN CASH		62,892
CASH AND CASH EQUIVALENTS BEGINNING OF YEAR		-
CASH AND CASH EQUIVALENT END OF YEAR	$	62,892

The accompanying notes are an integral part of these financial statements.

NOTE 1 - CORPORATION HISTORY AND PURPOSE

Twin Forks Rising Community Development Corporation (the Organization) was formed on January 1, 2014 to administer, foster and drive the comprehensive redevelopment of Ward 2 of Hattiesburg, MS by implementing the Twin Forks Rising Master Plan. The plan is designed to improve the quality of life for its residents, businesses and other stakeholders, in the areas of housing, job development and training, infrastructure, business development, revitalization of community business districts and the promotion of a healthy community.

The fiscal year of the Organization is a calendar year.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

A. ***Basis of Accounting*** - The financial statements of Twin Forks Rising Community Development Corporation are presented on the accrual basis of accounting.

B. ***Basis of Presentation*** - Financial statement presentation follows the recommendations of FASB ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities.*

C. ***Cash and Cash Equivalents*** - For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less.

D. ***Donated Property and Equipment*** - Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

E. ***Donated Services*** - No amounts have been reflected in the financial statements for donated services. The Organization does not receive any donated services.

F. ***Donated Materials*** - No amounts have been reflected in the financial statements for donated materials. The Organization receives donated clothing and supplies from various corporations and individuals. The donated materials value is determined by the donor at the time the materials are contributed.

G. ***Expense Allocation*** - The cost of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

H. ***Fund Accounting*** - The accounts of the Organization are maintained in accordance with the principles of fund accounting. Under fund accounting, resources for various purposes are classified for accounting and reporting purposes into funds, established according to their nature and purpose. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups.

I. ***Property and Equipment*** - Property and equipment are carried at cost at the date of acquisition, fair market value at the date of donation in the case of gifts. Expenditures for additions and major improvements are capitalized while those for maintenance and repairs are charged to expenses as incurred. Depreciation is computed on the straight-line method over the estimated useful life of the assets. Assets acquired with a cost in excess of $5,000 are capitalized. All furniture and equipment purchased with grant funds, as well as the proceeds from the disposal of such furniture and equipment, are subject to a reversionary ownership interest on the part of the grantor agency.

The estimated useful lives that are basis for such provisions for depreciation range from 5 to 40 years.

Buildings	10-40 years
Machinery and equipment	5-15 years
Office equipment	3-7 years
Office furniture	5-10 years
Vehicles	3-10 years

J. ***Restricted and Unrestricted Revenue and Support*** - Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Federal grant awards are classified as refundable advances until expended for the purposes of the grants since they are conditional promises to give.

K. ***Employees' Annual Leave*** - Twin Forks Rising Community Development Corporation does not charge annual leave earned by employees, which has not been used by them at the end of a period to the period the leave, is earned. It is expensed in the period in which the employee used the leave.

L. ***Estimates*** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

M. ***Classification of Net Assets*** - Net Assets of Twin Forks Rising Community Development Corporation are classified based on the presence or absence of donor-imposed restrictions. Net Assets are comprised of two groups as follows:

a) *Net Assets Without Donor Restrictions* - Amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or been met.

b) *Net Assets With Donor Restrictions* - Assets subject to usage limitations based on donor-imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of the Organization. Certain restrictions may need to be maintained in perpetuity.

N. ***Functional Allocation of Expenses*** - The cost of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE 3 - CHANGES IN ACCOUNTING PRINCIPLES

A. *Adoption of FASB ASU No. 2016-14*

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities.* ASU 2016-14 requires significant changes to the financial reporting model of organizations who follow the not-for-profit reporting model. The changes include reducing the classes of net assets from three classes to two-net assets with donor restrictions and net assets without donor restrictions. The ASU will also require changes in the way certain information is aggregated and reported by the organization, including required disclosures about liquidity and availability of resources and increased disclosures on functional expenses. The new standard is effective for organization's year ending December 31, 2018 and thereafter and must be applied on a retrospective basis. The Organization adopted the ASU effective January 1, 2018. Adoption of the ASU did not result in any reclassifications or restatements to net assets or changes in net assets.

B. *Financial Statement Presentation*

The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

NOTE 4 - FINANCIAL INSTRUMENTS

The following methods and assumptions were used by the Organization in estimating its fair value disclosures for financial instruments:

> ***Cash and cash equivalents***: the carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

The estimated fair values of the Organization's financial instruments, none of which are held for trading purposes, are as follows:

	Carrying Amount	Fair Value
Financial Assets:		
Cash and cash equivalents	$ 62,892	$ 62,892

NOTE 5 - CONCENTRATIONS OF CREDIT RISK ARISING FROM DEPOSITS IN EXCESS OF INSURED LIMITS

The Federal Deposit Insurance Corporation (FDIC) currently insures up to $250,000 of substantially all depository accounts held at each financial institution. At various times during the year, the Organization's cash deposits may exceed the federally insured limits and at December 31, 2018, its uninsured deposits were zero. The Organization has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk on its cash and cash equivalents

NOTE 6 - CORPORATE INCOME TAXES

Twin Forks Rising Community Development Corporation is exempt from corporate Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from Mississippi income taxes. Therefore, no provision has been made for Federal or Mississippi corporate income taxes in the accompanying financial statements. It is management's opinion that there are no activities that would subject the Organization to the unrelated business income tax.

The Organization has analyzed its tax positions taken for filings with the Internal Revenue. It believes that its tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on its financial condition, results of operations, or cash flows. The Organization's federal and state income tax returns for 2017 and are subject to examination by the federal, state and local taxing authorities, generally for three years after they are filed.

NOTE 7 - CONCENTRATION OF CONTRIBUTIONS OR GRANTS

Approximately 84.81% of the Organization's funding is provided from grants from the W. K. Kellogg Foundation.

NOTE 8 - LIQUITY AND AVAILABILITY

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	2018
Cash and cash equivalents	$ 62,892
Grants Receivable	8,300
	$ 71,192

NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods.

	2018
Subject to expenditures for specific purpose:	
Program operations	$ 49,230
Voters registration and education	2,205
Total	$ 51,435

NOTE 10 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 13, 2019, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

BROWN, EWING & CO.
P.A.
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 STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of
Twin Forks Rising Community Development Corporation
Hattiesburg, Mississippi

We have audited, 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, the financial statements of Twin Forks Rising Community Development Corporation, (a nonprofit organization) which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 13, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Twin Forks Rising Community Development Corporation'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 statements, but not for the purpose of expressing an opinion on the effectiveness of Twin Forks Rising Community Development Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of Twin Forks Rising Community Development Corporation'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 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

We did identify certain deficiencies in internal control, described in a management letter dated May 13, 2019 that we consider to be significant deficiencies.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Twin Forks Rising Community Development Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 results of that testing, and not to provide an opinion on the effectiveness of the organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Brown, Eng & Co.

Ridgeland, Mississippi
May 13, 2019

TWIN FORKS RISING COMMUNITY DEVELOPMENT CORPORATION

MANAGEMENT LETTER

FOR THE YEAR ENDED DECEMBER 31, 2018

BROWN, EWING & CO.
P.A.
CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors of
Twin Forks Rising Community Development Corporation
Hattiesburg, Mississippi

In planning and performing our audit of the financial statements of Twin Forks Rising Community Development Corporation, for the year ended December 31, 2018, we considered the Organization's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit, we became aware of a matter that is an opportunity for strengthening internal controls and operating efficiency. This letter does not affect our report dated May 10, 2019 on the financial statements of Twin Forks Rising Community Development Corporation.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various Organization personnel, and we will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized as follows:

Lack of a Receiving Report

Finding

During our test of controls of cash disbursements, we noted that vendor invoices were being paid without evidence that the items requisitioned were being matched with a receiving report of similar documentation. This allows for the possibility of paying for goods and or services not yet received or not received in satisfactory condition, etc.

Recommendation

The Organization should implement procedures to include receiving reports detailing who received the items, the date of receipt, and the items received. The receiving report should then be forwarded to the accounting department before payment is made to vendor.

Auditee Response

Policies will be implemented that items received will be signed and dated by person who received the items, and this information will be forwarded to accounting for payment.

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Payroll Transactions

Finding

During our test of controls over payroll, we found the following:

a. The organization does not require the use of individual time and attendance reports; instead a sign in sheet is used to document the employee's hours work and attendance.
b. All instances in which the sign in sheet did not allocate the time spent on various projects, as required according to the organization's policy and procedures manual.
c. Two (2) instances in which there was no evidence in which the supervisor reviewed the sign in sheet before payment, and
d. Two (2) instances in which the Board did not approve the wage rate of two employees.
e. All instances a wage authorization form was not used which documented the employee pay rate.

Recommendation

Internal administrative control procedures should be implemented to require the use of individual time and attendance reports. The time and attendance report should be signed by the employee and approved by his/her immediate supervisor. Additionally, a wage rate authorization form should be used to document the employee's pay rate and signed by the Executive Director and approved by the board of directors.

Auditee Response

New time/wage sheets implemented will capture hours worked and hourly rate. Sheets will be required to be completed daily and approved by employee and immediate supervisor weekly.

Vendor Payment Transactions

Finding

During our test of controls over cash disbursements, we found the following deficiencies:

a. We found three (3) instances in which an invoice could not be located on file, and
b. All invoices were not effectively canceled after payment was made.

Recommendation

Internal administrative control procedures should be implemented to ensure that all invoices are stamped "PAID" on the face of the invoice to prevent reuse and all invoices should be filed in a systematic manner and readily retrievable, as indicated in the organization's policy and procedures manual.

Auditee Response

"PAID" stamp to be purchased. Filing system updated where transactions will be filed in a vendor folder and master file for check or debit transactions.

Vendor Contracts

Finding

During our audit, we noted that the Organization did not execute vendor contracts for those performing construction contractual services.

Recommendation

We recommend that Twin Forks Rising CDC follow established procurement policies to execute a contract after the vendor has been selected as the lowest and/or best bidder

Auditee Response

Currently, a Notice to Proceed, including start and completion dates, as well as timeframe for completion, is required for construction services.

Matching Funds for Grant and Recording Donated Facility

Finding

During our audit, we noted that the Organization did not record in-kind and cash match contributions and expenses as part of a grant agreement.

Recommendation

Financial reporting procedures should be implemented to ensure that all in-kind contributions and expenses are properly recorded. Also, all in-kind expenses and cash match contributions should have proper supporting documentation.

Auditee Response

Will work with accountant and track all in-kind donations, record in our accounting records based on supporting on documents.

Deposit Documentation and Recording

Finding

During our review of cash receipts, we noted that when cash or checks are received, they are not being placed on the "Daily Deposit Log" to notate the receipt date, payee's name, and purpose of receipt. We also noted that deposits are not recorded as the date of receipt but recorded as a total amount for the month. Additionally, deposits are not be allocated to the applicable department or project.

Recommendation

We recommend that Twin Forks Rising CDC follow established Cash Receipts policies to place all received cash and checks on the "Daily Deposit Log" to notate the receipt date, payee's name, and purpose of receipt. We also recommend that Twin Forks Rising CDC record cash receipts as of the date of receipt. Related documentation should also reflect the date of deposit made with the bank as well, so that the transaction can be completely traceable.

Auditee Response

Implementing a "Daily Deposit Log" to capture receipt date, payee's name, and purpose of receipt.

Cash Management

Finding

Our audit procedures disclosed a high volume of debit card and paypal purchases that lacked supporting documentation and were not properly classified in the accounting records when recorded. This practice could result in the payment of unsubstantiated expenses. The purchases were also recorded as a total for the month and not as an individual amount at the time of purchase.

Recommendation

Twin Forks Rising CDC should discontinue the use of the PayPal account for making payments to its vendors. All cash disbursements should be made by check or electronically from Twin Forks Rising CDC's bank account. Also, all expenditures should be recorded as the date of purchase and not recorded as a total amount for the month.

Auditee Response

Going forward the PayPal account will be used to receive payments only. Any disbursements will be made by check or electronically from the bank account as recommended.

Grant Revenue and Expense Allocations

Finding

Currently, a single general ledger cost center is used for numerous sources of funding. This practice makes it extremely difficult to determine the funds received and expended for each of the separate grants and contracts. We also noted employee's timesheets do not allocate their time according to the various funding sources.

Recommendation

In order to more clearly reflect activity on a grant-by-grant basis, we strongly suggest that Twin Forks Rising CDC maintain separate cost centers and time allocation for each funding source. This practice will also facilitate the reporting requirements for grants and contracts as well.

Auditee Response

The accountant will move forward to establish costs centers and time allocation for each funding source.

Procurement Policy Needs Clarification

Finding

During the course of our audit, we noted that the Procurement Policy did not include dollar amounts threshold, when to obtain quotes or bids when making purchases. Policies and procedures should be clearly explained in the company's manual so that conflicts do not occur.

Recommendation

We suggest that the procurement policy be revised so that there's no misunderstanding of what documentation should be maintained when making purchases. The revised policy should also be approved by the Board.

Auditee Response

A resolution will be presented to the Board to clearly define required documentation.

Board Conducting Meeting while No Quorum

Finding

During our review the board minutes, we noted that a meeting was held without a quorum, and business was conducted with actions taken. Article VI, Section 7 of The ByLaws states "A quorum shall consist of a majority of the members of the Board of Directors".

Recommendation

The Board of Twin Forks Rising CDC should not be conducting meetings without a quorum. Thus, actions taken during those meeting are not valid and binding.

Auditee Response

Discussions have been conducted without a quorum. Going forward, a quorum of the Board will be established and enforced prior to taking action.

Black Voters Matter Fund Volunteer Payments

Finding

During our review the cash disbursements, we noted that payments to volunteer workers of the "Get out to Vote Initiative" of the Black Voters Matter Fund were not supported by timesheets nor was a consistent pay scale guideline was used as a basis for in paying the volunteer workers.

Recommendation

We recommend that Twin Forks Rising CDC initially obtain a better understanding from the funding agency of all the terms and conditions of the awarded money. If there are no set guidelines by the funding agency, then we recommend that guidelines be set and consistently followed by Twin Forks Rising CDC.

Auditee Response

Sign in sheets were completed for this project, but did not include rate of pay information. For future activities, sign-on sheets will continue to be used along with pay scale guidelines.

This report is intended solely for the information and use of the Board of Directors, management, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Brown, Eng & Co.

May 10, 2019