



The following document was not prepared by the Office of the State Auditor, but was prepared by and submitted to the Office of the State Auditor by a private CPA firm. The document was placed on this web page as it was submitted. The Office of the State Auditor assumes no responsibility for its content or for any errors located in the document. Any questions of accuracy or authenticity concerning this document should be submitted to the CPA firm that prepared the document. The name and address of the CPA firm appears in the document.



**TOWN OF COLDWATER  
COLDWATER, MISSISSIPPI**

**TABLE OF CONTENTS**

INDEPENDENT AUDITORS’ REPORT .....	1
COMBINED BALANCE SHEET – ALL FUND TYPE AND ACCOUNT GROUP .....	3
COMBINED STATEMENT OF REVENUE, EXPENDITURES AND FUND BALANCE ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS .....	5
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACUTAL GENERAL AND SPECIAL REVENUE FUNDS .....	7
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS-ENTERPRISE FUND .....	9
COMBINED STATEMENT OF CASH FLOWS ENTERPRISE FUND.....	10
NOTES TO THE FINANCIAL STATEMENTS .....	11
SUPPLEMENTAL FINANCIAL STATEMENTS AND SCHEDULES .....	18
SCHEDULE OF INVESTMENTS – ALL FUNDS .....	28
SCHEDULE OF SURETY BONDS FOR CITY OFFICIALS .....	29
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS .....	30
INDEPENDENT AUDITORS’ REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS .....	32
SCHEDULE OF FINDING AND QUESTIONED COSTS .....	33
LISTING OF ALL CITY OFFICIALS .....	35

## **INDEPENDENT AUDITORS' REPORT**

**To the Honorable Mayor and  
Board of Alderman  
Town of Coldwater, Mississippi**

**We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Coldwater, Mississippi as of and for the year ended September 30, 2004, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Coldwater, Mississippi's management. Our responsibility is to express 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the 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 discussed in Note 6 to the financial statements, management has not recorded certain general infrastructure assets in governmental activities and, accordingly has not recorded depreciation expense on those assets. Accounting principles generally accepted in the United States of America require that those general infrastructure assets be capitalized and depreciated, which would increase the assets, net assets, and expenses of the governmental activities. The amount by which this departure would affect the assets, net assets, and expenses of the governmental activities is not reasonably determinable.**

**In our opinion, because of the effects of the matter 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 the governmental activities of the Town of Coldwater, Mississippi as of September 30, 2004 and the changes in financial position thereof for the year then ended.**

**In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Coldwater, Mississippi as of September 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.**

**Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Coldwater, Mississippi's basic financial statements. The comparative and budgetary supplementary information on page 19 to 29 is presented for purposes of additional analysis and is not a required part of the basis financial statements. The comparative and budgetary supplementary have not been subject to the auditing procedures applied in the audit of the basis financial statements and, accordingly, we express no opinion on them.**

**March 25, 2005**

**TOWN OF COLDWATER, MISSISSIPPI  
GENERAL GOVERNMENT**

**COMBINED BALANCE SHEET – ALL FUND TYPE AND ACCOUNT GROUP  
SEPTEMBER 30, 2004**

	<u>Governmental Fund Types</u>			<u>Fiduciary Fund Type Expendable Trust</u>
	<u>General Operating</u>	<u>Special Revenue</u>	<u>Capital Project</u>	
<b>ASSETS</b>				
<b>CASH AND INVESTMENTS</b>				
Cash	\$ 479,924	\$ 202,415	\$ -	\$ 39,139
Investments (Cash Equivalents)	2,089,047	-	-	25,918
<b>RECEIVABLES (Net of Allowance for uncollectibles)</b>				
Utility Bills	-	-	-	-
Taxes	33,200	-	-	-
State of Mississippi	18,349	-	-	-
Accrued Interest	18,363	-	-	106
Due From Other Funds	46,797	-	-	7,921
Prepaid Expenses	4,787	-	-	-
Fixed Assets (net of accumulated depreciation)	-	-	-	-
Amount To Be Provided For Retirement Of General Long-Term Debt	-	-	-	-
<b>TOTAL ASSETS</b>	<b><u>\$ 2,690,467</u></b>	<b><u>\$ 202,415</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 73,084</u></b>
<b>LIABILITIES AND FUND EQUITY</b>				
<b>Liabilities</b>				
Accounts Payable	\$ 57,560	\$ 530	\$ -	\$ 246
Current Portion of Long-Term Debt (Note 3)	-	-	-	-
Accrued Interest Payable	-	-	-	-
Due To Other Funds	106,821	-	-	-
Payables From Restricted Assets:	-	-	-	-
Customer Deposits	-	-	-	-
General Obligation Warrants Payable (Note 3)	-	-	-	-
<b>Total Liabilities</b>	<b><u>164,381</u></b>	<b><u>530</u></b>	<b><u>-</u></b>	<b><u>246</u></b>
<b>Fund Equity:</b>				
Contributed Capital	-	-	-	-
Investment In General Fixed Assets	-	-	-	-
Retained Earnings:				
Unreserved	-	-	-	-
<b>Fund Balance:</b>				
Reserved For Prepaid Expenses	4,787	-	-	-
Unreserved	2,521,299	201,885	-	72,838
<b>Total Fund Equity</b>	<b><u>2,526,086</u></b>	<b><u>201,885</u></b>	<b><u>-</u></b>	<b><u>72,838</u></b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b><u>\$ 2,690,467</u></b>	<b><u>\$ 202,415</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 73,084</u></b>

See Accompanying Auditors' Report and Notes to the Financial Statements.

**TOWN OF COLDWATER, MISSISSIPPI  
GENERAL GOVERNMENT**

**COMBINED BALANCE SHEET – ALL FUND TYPE AND ACCOUNT GROUP  
SEPTEMBER 30, 2004**

Proprietary Fund <u>Enterprise Fund</u>	Account Groups		TOTALS	
	General	General	(Memorandum Only)	
	<u>Fixed Assets</u>	<u>Long-Term Debt</u>	<u>2004</u>	<u>2003</u>
\$ 389,496	-	\$ -	\$ 1,110,974	\$ 1,310,209
373,205	-	-	2,488,170	2,436,641
21,996	-	-	21,996	226,260
-	-	-	33,200	17,583
-	-	-	18,349	
1,539	-	-	20,008	26,000
92,991	-	-	147,709	873,523
1,389	-	-	6,176	4,282
-	2,110,169	-	2,110,169	2,110,169
1,207,687	-	-	1,207,687	1,354,704
-	-	96,552	96,552	107,975
<u>\$ 2,088,303</u>	<u>\$ 2,110,169</u>	<u>\$ 96,552</u>	<u>\$ 7,260,990</u>	<u>8,467,346</u>
\$ 29,555	\$ -	\$ -	\$ 87,891	29,090
57,974	-	12,684	70,658	70,853
5,088	-	-	5,088	2,239
-	-	-	106,821	533,297
-	-	-		
8,320	-	-	8,320	9,408
937,235	-	83,868	1,021,103	1,130,706
1,038,172	-	96,552	1,299,881	1,775,593
349,918	-	-	349,918	-
-	2,110,169	-	2,110,169	2,907,288
700,213	-	-	700,213	670,647
-	-	-	4,787	3,586
-	-	-	2,796,022	3,110,232
<u>1,050,131</u>	<u>2,110,169</u>	<u>-</u>	<u>5,961,109</u>	<u>6,691,753</u>
<u>\$ 2,088,303</u>	<u>\$ 2,110,169</u>	<u>\$ 96,552</u>	<u>\$ 7,260,990</u>	<u>\$ 8,467,346</u>

See Accompanying Auditors' Report and Notes to the Financial Statements.

## TOWN OF COLDWATER, MISSISSIPPI

### COMBINED STATEMENT OF REVENUE, EXPENDITURES AND FUND BALANCE ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS SEPTEMBER 30, 2004

	GOVERNMENTAL FUND TYPES			Fiduciary
	General Operating	Special Revenue	Capital Projects	Fund Type Expendable Trust
<b><u>REVENUES</u></b>				
Taxes	\$ 92,870	\$ 93,471	\$ -	\$ -
License and Permits	37,326	-	-	-
Intergovernmental	246,140	-	-	-
Charges For Services	71,785	-	-	-
Fines and Forfeits	38,074	-	-	-
Interest Income	22,883	-	-	229
Miscellaneous	16,537	-	-	13,005
	<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL REVENUES</b>	<b>525,615</b>	<b>93,471</b>	<b>-</b>	<b>13,234</b>
<b><u>EXPENDITURES</u></b>				
General Government	228,754	-	-	3,108
Public Safety	155,600	10,632	-	-
Public Works	-	59,702	-	-
Culture and Recreation	-	52,518	-	-
Capital Outlay	-	29,886	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL EXPENDITURES</b>	<b>384,354</b>	<b>152,738</b>	<b>-</b>	<b>3,108</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>141,261</b>	<b>(59,267)</b>	<b>-</b>	<b>10,126</b>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Proceeds From Loans and Leases	-	-	-	-
Operating Transfers Out	(54,800)	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(54,800)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>86,461</b>	<b>(59,267)</b>	<b>-</b>	<b>10,126</b>
<b>PRIOR PERIOD ADJUSTMENT (Note 7)</b>	<b>52,851</b>	<b>(43,782)</b>	<b>(355,387)</b>	<b>-</b>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<b>2,386,774</b>	<b>304,934</b>	<b>355,387</b>	<b>62,712</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 2,526,086</b>	<b>\$ 201,885</b>	<b>\$ -</b>	<b>\$ 72,838</b>
	<hr/>	<hr/>	<hr/>	<hr/>

See Accompanying Auditors' Report and Notes to the Financial Statements.

**TOWN OF COLDWATER, MISSISSIPPI**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUSTS FUNDS  
(CONTINUED)  
SEPTEMBER 30, 2004**

<b>Totals</b>	
<b>(Memorandum Only)</b>	
<b>2004</b>	<b>2003</b>
<b>\$ 186,341</b>	<b>\$ 540,514</b>
<b>37,326</b>	<b>30,182</b>
<b>246,140</b>	<b>379,109</b>
<b>71,785</b>	<b>65,131</b>
<b>38,074</b>	<b>38,615</b>
<b>23,112</b>	<b>72,804</b>
<b>29,542</b>	<b>17,673</b>
<b>632,320</b>	<b>1,144,028</b>
<b>231,862</b>	<b>186,805</b>
<b>166,232</b>	<b>157,240</b>
<b>59,702</b>	<b>148,145</b>
<b>52,518</b>	<b>18,459</b>
<b>29,886</b>	<b>715,854</b>
<b>540,200</b>	<b>1,226,503</b>
<b>92,120</b>	<b>(82,475)</b>
<b>-</b>	<b>27,759</b>
<b>(54,800)</b>	<b>54,800</b>
<b>(54,800)</b>	<b>82,559</b>
<b>37,320</b>	<b>85</b>
<b>(346,318)</b>	<b>-</b>
<b>3,109,807</b>	<b>3,110,147</b>
<b>\$ 2,800,809</b>	<b>\$ 3,110,232</b>

See Accompanying Auditors' Report and Notes to the Financial Statements.

## TOWN OF COLDWATER, MISSISSIPPI

### COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACUTAL GENERAL AND SPECIAL REVENUE FUNDS For the Year Ended September 30, 2004

	GENERAL FUND			SPECIAL REVENUE FUNDS	
	Budget	Actual	Variance Unfavorable (Favorable)	Budget	Actual
<b>REVENUES</b>					
Taxes	\$ 108,896	\$ 92,870	\$ 16,026	\$ 93,472	\$ 93,472
License and Permits	35,000	37,326	(2,326)	-	-
Intergovernmental	336,100	246,140	89,960	-	-
Charges for Services	71,500	71,785	(285)	-	-
Fines and Forfeits	40,000	38,074	1,926	-	-
Interest Income	65,000	22,883	42,117	-	-
Miscellaneous	15,570	16,537	(967)	-	-
<b>TOTAL REVENUES</b>	<b>672,066</b>	<b>525,615</b>	<b>146,451</b>	<b>93,472</b>	<b>93,472</b>
<b>EXPENDITURES</b>					
General Government	239,870	228,754	11,116	-	-
Public Safety	185,150	155,600	29,550	14,200	10,632
Public Works	120,013	-	120,013	59,702	59,702
Culture and Recreation	-	-	-	22,400	52,518
Capital Outlay	-	-	-	200,000	29,887
<b>TOTAL EXPENDITURES</b>	<b>545,033</b>	<b>384,354</b>	<b>160,679</b>	<b>296,302</b>	<b>152,739</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>127,033</b>	<b>141,261</b>	<b>307,130</b>	<b>(202,830)</b>	<b>(59,267)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating Transfers In (Out)	-	(54,800)	(54,800)	-	-
Loan Proceeds	-	-	-	-	-
<b>Total Other Financing Sources</b>	<b>-</b>	<b>(54,800)</b>	<b>(54,800)</b>	<b>-</b>	<b>-</b>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>\$ 127,033</b>	<b>86,461</b>	<b>\$ 252,330</b>	<b>\$ (202,830)</b>	<b>(59,267)</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>		<b>2,386,774</b>			<b>304,934</b>
<b>PRIOR PERIOD ADJUSTMENT</b>		<b>52,851</b>			<b>(43,782)</b>
<b>FUND BALANCE - END OF YEAR</b>		<b>\$ 2,526,086</b>			<b>\$ 201,885</b>

See Accompanying Auditors' Report and Notes to the Financial Statements.

**TOWN OF COLDWATER, MISSISSIPPI**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES – BUDGET AND ACUTAL  
GENERAL AND SPECIAL REVENUE FUNDS  
For the Year Ended September 30, 2004**

Variance Unfavorable (Favorable)	TOTALS (Memorandum Only)	
<u>2004</u>	<u>2004</u>	<u>2003</u>
-	186,342	387,605
-	37,326	30,182
-	246,140	21,230
-	71,785	65,131
-	38,074	38,615
-	22,883	71,939
-	16,537	8,845
-	<u>619,087</u>	<u>623,547</u>
-	228,754	185,168
-	166,232	157,240
-	59,702	148,145
(30,118)	52,518	18,459
<u>170,113</u>	<u>29,887</u>	<u>369,064</u>
<u>139,995</u>	<u>537,093</u>	<u>878,076</u>
139,995	81,994	(254,529)
-	(54,800)	313,600
-	-	27,759
-	<u>(54,800)</u>	<u>341,359</u>
<u>139,995</u>	27,194	86,830
	2,691,708	2,604,878
	<u>9,069</u>	-
	<u>2,727,971</u>	<u>2,691,708</u>

See Accompanying Auditors' Report and Notes to the Financial Statements.

**TOWN OF COLDWATER, MISSISSIPPI**

**COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
RETAINED EARNINGS-ENTERPRISE FUND  
For The Year Ended September 30, 2004 and 2003**

	2004	2003
<b>Operating Revenues:</b>		
Meter Sales	\$ 107,830	\$ 132,505
Sewer Charges	94,517	116,776
Transfer	54,800	-
Late Charges and Connection Fees	11,542	12,244
<b>Total Operating Revenues</b>	<b>268,689</b>	<b>261,525</b>
<b>Operating Expenses:</b>		
Personnel Costs	86,546	69,673
Materials and Supplies	15,065	12,467
Professional Services	32,250	14,385
Repair and Maintenance	27,998	19,474
Other Expenses	24,008	50,112
Depreciation Expense	53,449	65,990
<b>Total Operating Expenses</b>	<b>239,316</b>	<b>232,101</b>
<b>Net Operating Income</b>	<b>29,373</b>	<b>29,424</b>
<b>Non-Operating Revenues (Expenses)</b>		
Interest Income	1,517	8,633
Interest Expense	(32,827)	(23,632)
<b>Total Nonoperation Revenues</b>	<b>(31,310)</b>	<b>(14,999)</b>
<b>Net Income</b>	<b>(1,937)</b>	<b>14,425</b>
<b>Prior Period Adjustment</b>	<b>381,421</b>	<b>-</b>
<b>RETAINED EARNINGS - BEGINNING OF YEAR</b>	<b>670,647</b>	<b>656,222</b>
<b>RETAINED EARNINGS - END OF YEAR</b>	<b>\$ 1,050,131</b>	<b>\$ 670,647</b>

See Accompanying Auditors' Report and Notes to the Financial Statements.

**TOWN OF COLDWATER, MISSISSIPPI**

**COMBINED STATEMENT OF CASH FLOWS ENTERPRISE FUND  
For the Year Ended September 30, 2004 and 2002**

	2004	2003
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
<b>Operating Income</b>	\$ 29,373	\$ 29,423
<b>Adjustments To Reconcile Operating Income</b>		
<b>To Net Cash Provided By Operating Activities:</b>		
<b>Depreciation</b>	53,449	65,990
<b>Changes In Assets and Liabilities:</b>		
<b>(Increase) Decrease In Accounts Receivable</b>	15,642	(39,167)
<b>(Increase) Decrease In Accrued Interest Receivable</b>	-	(8,066)
<b>(Increase) Decrease In Prepaid Expenses</b>	(694)	694
<b>(Increase) Decrease In Due From Other Funds</b>	92,905	(180,434)
<b>Increase (Decrease) In Accounts Payable</b>	21,162	5,080
<b>Increase (Decrease) In Customer Deposits</b>	(1,088)	1,492
<b>Increase (Decrease) In Due To Other Funds</b>	(42,538)	(135,403)
	168,211	(260,391)
<b>Net Cash Provided By Operating Activities</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
<b>Interest Expense</b>	(32,827)	(23,632)
<b>Interest On Investments</b>	1,517	8,633
	(31,310)	(14,999)
<b>Net Cash Provided By Investing Activities</b>		
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
<b>Payment Of Long-Term Debt and Interest</b>	(98,375)	(114,650)
<b>Loan Proceeds</b>	-	99,079
<b>Contributed Capital</b>	-	54,800
<b>Fixed Asset</b>	-	94,827
<b>Construction In Progress Transferred To CDBG</b>	(122,593)	125,133
	(220,968)	259,189
<b>Net Cash Used By Capital and Related Financing Activities</b>		
<b>Net Change In Cash and Cash Equivalents</b>	(84,067)	(16,201)
<b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH EQUIVALENTS - BEGINNING OF YEAR</b>	846,768	862,969
<b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH EQUIVALENTS - END OF YEAR</b>	\$ 762,701	\$ 846,768

See Accompanying Auditors' Report and Notes to the Financial Statements.

TOWN OF COLDWATER, MISSISSIPPI

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2004

Note 1 - Summary of Significant Accounting Policies

The Town of Coldwater operates under an alderman—mayor form of government. The accounting policies of the Town of Coldwater conform to generally accepted accounting principles as applicable to governments except as discussed in note 7. The following is a summary of the more significant policies:

- A. Reporting Entity - The financial statements of the Town consist of all the funds of the Town.
- B. Fund Accounting - The accounts of the Town are organized on the basis of fund and account groups, each of which is considered a separate accounting entity. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are spent and the means by which spending activities are controlled.
- C. Fixed Assets and Long Term Liabilities - The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All Governmental Funds and Expendable Trust Funds are accounted for on a spending or “financial flow” measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. All Proprietary Funds are accounted for on a cost of services or “capital maintenance” measurement focus. This means that all assets and liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. The Town has adopted the accounting policy of not capitalizing “infrastructure” general fixed assets (roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, lighting systems and similar assets that are immovable and of value only to the Town). No depreciation has been provided on general fixed assets.

All assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated.

Fixed assets used in proprietary funds (water and sewer) are accounted for in the fund itself. Depreciation has been provided on these assets over estimated useful lives using the straight-line method. Estimated useful lives are as follows:

Distribution Systems	25 years
Equipment	5 years

TOWN OF COLDWATER, MISSISSIPPI

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2004

(Continued)

**Note 1 - Summary of Significant Accounting Policies (Continued)**

- D. Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds.

Long-term liabilities of the Proprietary Funds are accounted for in the fund itself.

Additional information concerning fixed assets and long—term liabilities are provided in Notes 2 and 3.

- E. **Basis of Accounting** - Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements.

All governmental funds and expendable trust funds are accounted for using modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Gross receipts and sales taxes are considered measurable when in the hands of intermediary collecting governments and are recognized as revenue at that time.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include accumulated unpaid vacation, sick pay, and other employee amounts which are not accrued.

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

- F. **Total Columns** - Total columns on the financial statements are captioned Memorandum only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

- G. **Bank Deposits and Investments** - Bank deposits and investments constituting short term certificates of deposit are entirely insured or collateralized with securities held by the bank or by the bank's agent in the bank's name as of September 30, 2004 and during the year then ended.

**TOWN OF COLDWATER, MISSISSIPPI**

**NOTES TO THE FINANCIAL STATEMENTS**

**September 30, 2004**

(Continued)

**Note 1 - Summary of Significant Accounting Policies (Continued)**

Investments are stated at cost - a schedule of investment is included as part of the supplementary information of this report.

- H. Budget** - for governmental funds, receipts are budgeted on the cash basis. Expenditures are budgeted on the modified cash basis of accounting. The budget for all proprietary type funds is adopted on the accrual basis of accounting. This is consistent with the applicable laws of the State of Mississippi for municipalities.

Prior to the August board meeting, the Town Clerk submits to the Mayor and Board a proposed operating budget for the fiscal year commencing the following October 1. Public hearings are conducted at the Town Hall for citizens of the Town to make comments on the proposed revenue sharing expenditures. The budget is formally adopted at the September board meeting. Budgeted amounts are as originally adopted or as amended by the Board of Aldermen.

- I. Statement of Cash Flows** - For purposes of the Statement of Cash Flows, cash equivalents are all short term investments (including restricted assets) that are highly liquid, readily convertible to known amounts of cash, and have a maturity date of no longer than three months when purchased.
- J. Estimates**-The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Note 2 - Fixed Assets**

A summary of changes in general fixed assets follows:

	<u>Balance</u> <u>9/30/2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>9/30/2004</u>
Land	\$ 9,900	\$ -	\$ -	\$ 9,900
Building	206,009	-	-	206,009
Equipment	252,231	-	-	252,231
Vehicles	136,994	-	-	136,994
Home Project	340,494	-	-	340,494
Bridge	427,893	-	-	427,893
Improvements	736,648	-	-	736,648
	<u>\$ 2,110,169</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,110,169</u>

**TOWN OF COLDWATER, MISSISSIPPI**

**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2004**  
**(Continued)**

**Note 2 - Fixed Assets (Continued)**

A summary of proprietary fund property, plant and equipment at September 30, 2004 follows:

Water Distribution System	\$ 1,938,544
Land	1,790
Equipment	76,656
Vehicles	9,616
Total	<u>2,026,606</u>
Accumulated depreciation	<u>(818,919)</u>
NET FIXED ASEST	<u><u>\$ 1,207,687</u></u>
Depreciation expense	<u><u>\$53,449</u></u>

**Note 3 - Changes in Long-Term Debt**

**Water and Sewer System:**

Note Payable to the Mississippi Department of Economic and Community Development to finance improvements to the Town's water system. The note is payable in semi-annual installments of \$ 12,516.54 on January and July 1 each year through July 1, 2013 at 3.7% interest per annum. The following is a summary of the transaction of the Town of Coldwater for the year ending September 30, 2004:

Note payable at October 1, 2003	\$ 192,519
Note payable at September 30, 2004	\$ 173,166

The annual requirement to amortize the note outstanding as of September 30, 2004 including interest payments are as follows:  
September 30,

2005	\$ 18,164
2006	18,842
2007	19,546
2008	20,276
2009	21,033
Thereafter	75,305
Total	<u><u>\$ 173,166</u></u>

**TOWN OF COLDWATER, MISSISSIPPI**

**NOTES TO THE FINANCIAL STATEMENTS**

**September 30, 2004**

(Continued)

**Note 3 - Changes in Long-Term Debt (Continued)**

Note payable to the Mississippi Department of Environmental Quality to finance improvements to the Town's water system. The note is payable in monthly installments of \$4,566.69 at 3 % interest per annum. The annual requirements to amortize the note outstanding as of September 30, 2004 are as follows:

Note payable at October 1, 2003		\$775,164
Note payable at September 30, 2004		\$ 704,122
2005	\$	34,144
2006		35,182
2007		36,252
2008		37,355
2009		38,491
Thereafter		522,698
Total	\$	<u>704,122</u>

Note Payable to the Mississippi Department of Economic and Community Development to finance the construction of a new bridge. The note is payable in monthly installments of \$ 641.66 through February 1, 2014 at 2% interest per annum. The following is a summary of the transaction of the Town of Coldwater for the year ending September 30, 2004:

Note payable at October 1, 2003	\$ 125,901
Note payable at September 30, 2004	\$ 117,921

The annual requirement to amortize all notes outstanding as of September 30, 2004 including interest payments are as follows:  
September 30,

2005	\$	5,666
2006		5,505
2007		5,616
2008		5,730
2009		5,845
Thereafter		89,559
Total	\$	<u>117,921</u>

**TOWN OF COLDWATER, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2004**  
**(Continued)**

**Note 3 - Changes in Long—Term Debt (Continued)**

**General Fund:**

General Fund Note Payable to the Mississippi Department of Economic and Community Development to finance the construction of a new bridge. The note is payable in monthly installments of \$ 1,056.97 through February 1, 2014 at 4% interest per annum. The following is a summary of the transaction of the Town of Coldwater for the year ending September 30, 2004:

Note payable at October 1, 2003	\$ 107,975
Note payable at September 30, 2004	\$ 96,552

The annual requirement to amortize all notes outstanding as of September 30, 2004 including interest payments are as follows:  
September 30,

2005	\$	8,959
2006		9,324
2007		9,704
2008		10,099
2009		10,510
Thereafter		47,956
<b>Total</b>	<b>\$</b>	<b><u>96,552</u></b>

**Note 4 - Property Taxes**

Property taxes attach as an enforceable lien on property as of January 1. The taxes are levied as of January 1 and are due on or before February 1.

The millage rate for the year was 30.65 mills, allocated as follows:

General Fund	16.00 mills
Parks Fund	2.00 mills
Fire Department Fund	.25 mills
Street Repair Fund	<u>12.40 mills</u>
<b>TOTAL</b>	<b><u>30.65 mills</u></b>

The distribution of taxes to funds is in accordance with prescribed tax levies and the ad valorem tax assessments are with prescribed limitations.

**TOWN OF COLDWATER, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2004**  
**(Continued)**

**Note 5 - Defined Pension Plan**

**Plan Description - The Town of Coldwater contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and maybe 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 Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, Mississippi 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 Town of Coldwater is required to contribute at an actuarially determined rate. The current rate is 9.75% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The Town of Coldwater's contributions to PERS for the years ending September 30, 2004 and 2003 were \$20,242 and \$17,142, respectively, equal to the required contribution for each year.**

**Note 6 - Infrastructure Assets**

**The Town of Coldwater, Mississippi has not complied with the terms of GASB 34, as a result certain general infrastructure assets in the governmental activities and, the depreciation expense on those assets have not been recorded.**

**Note 7 – Prior Period Adjustment**

**This adjustment was necessary to properly allocate the fund balance between the general fund and the special revenue fund and also to eliminate the capital project fund.**

**TOWN OF COLDWATER, MISSISSIPPI**

**SUPPLEMENTAL FINANCIAL STATEMENTS AND SCHEDULES**

**TOWN OF COLDWATER, MISSISSIPPI**

**GENERAL FUND**

**COMPARATIVE BALANCE SHEET**

**September 30, 2004 and 2003**

	<u>2004</u>	<u>2003</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 2,568,972	2,417,692
Property Taxes Receivable	33,200	3,961
Sales Tax Receivable	18,349	12,225
Franchise Tax Receivable	-	1,398
Due From Other Funds	46,797	137,838
Accrued Interest Receivable	18,363	15,863
Prepaid Expenses	4,787	3,587
<b>TOTAL ASSETS</b>	<u><u>2,690,468</u></u>	<u><u>2,592,564</u></u>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities</b>		
Accounts Payable	57,561	18,497
Due To Other Funds	106,821	183,707
<b>Total Liabilities</b>	164,382	202,204
<b>Fund Balance</b>		
Reserve For Prepaid Expenses	4,787	3,587
Unreserved - Undesignated	2,521,299	2,386,774
<b>Total Fund Balance</b>	<u><u>2,526,086</u></u>	<u><u>2,390,361</u></u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u><u>\$ 2,690,468</u></u>	<u><u>\$ 2,592,564</u></u>

See Accompanying Independent Auditors' Report and Notes to the Financial Statements.

**TOWN OF COLDWATER, MISSISSIPPI**

**GENERAL FUND**

**COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE – BUDGET AND ACTUAL**

**For the Year Ended September 30, 2004**

	<b>Budget</b>	<b>2004 Actual</b>	<b>Variance (Unfavorable) Favorable</b>	<b>2003 Actual</b>
<b>REVENUES</b>				
Taxes	\$ 108,896	\$ 92,870	\$ (16,026)	310,253
License and Permits	35,000	37,326	2,326	30,182
Intergovernmental	336,100	246,140	(89,960)	21,230
Charges For Services	71,500	71,785	285	65,131
Fines and Forfeits	40,000	38,074	(1,926)	38,615
Interest Income	65,000	22,883	(42,117)	71,939
Miscellaneous	15,570	16,537	967	8,845
<b>TOTAL REVENUES</b>	<b>672,066</b>	<b>525,615</b>	<b>(146,451)</b>	<b>546,195</b>
<b>EXPENDITURES</b>				
<b>General Government:</b>				
Personnel Costs	100,045	97,727	2,318	95,625
Materials and Supplies	7,000	1,939	5,061	2,715
Other Services and Charges	132,825	129,091	3,734	75,959
<b>Total General Government</b>	<b>239,870</b>	<b>228,757</b>	<b>11,113</b>	<b>174,299</b>
<b>Public Safety:</b>				
Personnel Costs	135,050	118,394	16,656	112,814
Materials and Supplies	16,600	9,502	7,098	11,529
Other Services and Charges	33,500	27,704	5,796	32,897
<b>Total Public Safety</b>	<b>185,150</b>	<b>155,600</b>	<b>29,550</b>	<b>157,240</b>

See Accompanying Independent Auditors' Report and Notes to the Financial Statements.

**TOWN OF COLDWATER, MISSISSIPPI**

**GENERAL FUND**

**COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN BALANCE – BUDGET AND ACTUAL  
For the Year Ended September 30, 2004  
(Continued)**

	<u>Budget</u>	<u>2004 Actual</u>	Variance (Unfavorable) Favorable	<u>2003 Actual</u>
<b>TOTAL CURRENT EXPENDITURES</b>	425,020	384,357	40,663	331,539
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	247,046	141,258	24,637	214,656
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating Transfers Out	<u>-</u>	<u>(54,800)</u>	<u>(54,800)</u>	<u>54,800</u>
<b>Total Other Financing Sources</b>	<u>-</u>	<u>(54,800)</u>	<u>(54,800)</u>	<u>54,800</u>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<u>\$ 247,046</u>	86,458	<u>\$ (30,163)</u>	269,456
<b>FUND BALANCE - BEGINNING OF YEAR</b>		2,386,777		2,117,321
<b>Prior Period Adjustment</b>		<u>52,842</u>		<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>		<u>\$ 2,526,077</u>		<u>\$ 2,386,777</u>

See Accompanying Independent Auditors' Report and Notes to the Financial Statements.

**TOWN OF COLDWATER, MISSISSIPPI**

**COMBINING BALANCE SHEET  
SPECIAL REVENUE FUNDS**

**For the Year Ended September 30, 2004 and 2003**

	<b>Fire Department Fund</b>	<b>CDBG Fund</b>	<b>Library Fund</b>	<b>Park Fund</b>	<b>Street Fund</b>	<b>TOTALS MEMORANDUM ONLY</b>	
						<b>2004</b>	<b>2003</b>
<b>ASSETS</b>							
Cash	\$ 61,825	\$ 227	\$ -	\$ 140,363	\$ 322,337	\$ 524,752	\$ 427,576
Due From Other Governments	-	-	-	-	-	-	18,000
Due From Other Funds	-	-	6,702	-	-	6,702	30,028
<b>Total Assets</b>	<b>\$ 61,825</b>	<b>\$ 227</b>	<b>6,702</b>	<b>\$ 140,363</b>	<b>\$ 322,337</b>	<b>\$ 531,454</b>	<b>\$ 475,604</b>
<b>LIABILITIES AND FUND BALANCE</b>							
<b>Liabilities:</b>							
Accounts Payable	\$ -	\$ -	530	\$ -	\$ -	\$ 530	\$ 2,072
Due To Other Funds (Note 6)	21,861	-	3,189	21,748	-	46,798	168,598
<b>Total Liabilities</b>	<b>21,861</b>	<b>-</b>	<b>3,719</b>	<b>21,748</b>	<b>-</b>	<b>47,328</b>	<b>170,670</b>
<b>Fund Balance:</b>							
Unreserved	39,964	227	2,983	118,615	322,337	484,126	304,934
<b>Total Liability and Fund Balance</b>	<b>\$ 61,825</b>	<b>\$ 227</b>	<b>6,702</b>	<b>\$ 140,363</b>	<b>\$ 322,337</b>	<b>\$ 531,454</b>	<b>\$ 475,604</b>

See Accompanying Independent Auditors' Report and Notes to the Financial Statements.

**TOWN OF COLDWATER, MISSISSIPPI**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
SPECIAL REVENUE FUNDS  
For The Year Ended September 30, 2004**

	Fire Department Fund	CDBG Fund	Library Fund	Park Fund	Street Fund	TOTALS (MEMORANDUM ONLY)	
						2004	2003
<b>REVENUES:</b>							
CDBG Project	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 258,800
Property Taxes	12,548	-	-	10,879	70,044	93,471	70,785
Homestead Exemption	-	-	-	-	-	-	6,567
Intergovernmental	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-
<b>Total Revenues</b>	<u>12,548</u>	<u>-</u>	<u>-</u>	<u>10,879</u>	<u>70,044</u>	<u>93,471</u>	<u>336,152</u>
<b>EXPENDITURES:</b>							
Personnel	-	-	2,900	-	20,118	23,018	4,713
Supplies	541	-	3,033	-	3,579	7,153	6,156
Other Services and Charges	10,092	-	46,585	-	36,004	92,681	18,459
Capital Outlay	-	-	-	-	29,886	29,886	369,064
<b>Total Expenditures</b>	<u>10,633</u>	<u>-</u>	<u>52,518</u>	<u>-</u>	<u>89,587</u>	<u>152,738</u>	<u>398,392</u>
Excess Of Revenues Over (Under)							
Expenditures	1,915	-	(52,518)	10,879	(19,543)	(59,267)	(62,240)
<b>OTHER FINANCING SOURCES AND (USES):</b>							
Loan Proceeds	-	-	-	-	-	-	126,838
<b>Total Other Financing Sources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>126,838</u>
Excess Of Revenues and Other Financing Sources Over Expenditures and Other (Uses)	1,915	-	(52,518)	10,879	(19,543)	(59,267)	64,598
<b>FUND BALANCE - BEGINNING OF YEAR</b>	18,494	18,000	12,872	99,990	155,578	304,934	240,337
Prior Period Adjustment	<u>-</u>	<u>(18,000)</u>	<u>-</u>	<u>-</u>	<u>(25,782)</u>	<u>(43,782)</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 20,409</u>	<u>\$ 18,000</u>	<u>\$ (39,646)</u>	<u>\$ 110,869</u>	<u>\$ 136,035</u>	<u>\$ 201,885</u>	<u>\$ 304,935</u>

See Accompanying Independent Auditors' Report and Notes to the Financial Statements.

**TOWN OF COLDWATER, MISSISSIPPI**

**FIDUCIARY FUND  
Expendable Trust – Cemetery**

**COMPARATIVE BALANCE SHEET  
September 30, 2004 and 2003**

	<u>2004</u>	<u>2003</u>
<b>ASSETS</b>		
Cash	\$ 39,139	\$ 29,124
Investments	25,917	25,689
Accrued Interest Receivable	532	532
Due From Other Funds	<u>7,921</u>	<u>7,921</u>
<b>TOTAL ASSETS</b>	<u>\$ 73,509</u>	<u>\$ 63,266</u>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities:</b>		
Accounts Payable	<u>\$ 246</u>	<u>\$ 129</u>
Total Liabilities	246	129
<b>Fund Balance:</b>		
Unreserved	<u>73,263</u>	<u>63,137</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 73,509</u>	<u>\$ 63,266</u>

See Accompanying Independent Auditors' Report and Notes to the Financial Statements.

**TOWN OF COLDWATER, MISSISSIPPI**

**FIDUCIARY FUND**  
**Expendable Trust - Cemetery**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED  
EARNINGS –BUDGED AND ACTUAL  
For The Year Ended September 30, 2004  
With Comparative Amounts for the Year Ended September 30, 2003**

	<u>Budget</u>	<u>2004 Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>2003 Actual</u>
<b>Revenues:</b>				
Lot Sales	\$ 5,000	\$ 7,500	\$ 2,500	\$ 4,500
Interest Income	400	229	(171)	865
Donations	4,000	5,115	-	3,818
Dirt Removal Fee	<u>400</u>	<u>390</u>	<u>(10)</u>	<u>510</u>
<b>Total Revenues</b>	<b>9,800</b>	<b>13,234</b>	<b>2,319</b>	<b>9,693</b>
<b>Expenditures:</b>				
Supplies	4,000	499	-	100
Other Services and Charges	<u>5,000</u>	<u>2,609</u>	<u>2,391</u>	<u>1,537</u>
<b>Total Expenditures</b>	<b>9,000</b>	<b>3,108</b>	<b>2,391</b>	<b>1,637</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b><u>\$ 800</u></b>	<b>10,126</b>	<b><u>\$ 4,710</u></b>	<b>8,056</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>		<b><u>63,137</u></b>		<b><u>55,081</u></b>
<b>FUND BALANCE - END OF YEAR</b>		<b><u>\$ 73,263</u></b>		<b><u>\$ 63,137</u></b>

See Accompanying Independent Auditors' Report and Notes to the Financial Statements.

**TOWN OF COLDWATER, MISSISSIPPI**

**WATER AND SEWER ENTERPRINSE FUND  
COMPARATIVE BALANCE SHEET  
For The Year ended September 30, 2004**

	2004	2003
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	389,496	\$ 474,607
Investments	373,205	372,162
Accounts Receivable	21,996	226,260
Due From Other Funds	92,991	185,896
Accrued Interest Receivable	1,539	9,605
Prepaid Expenses	1,389	695
<b>Total Current Assets</b>	880,616	1,269,225
<b>Fixed Assets</b>		
Property, Plant and Equipment	2,026,606	2,026,605
Less: Accumulated Depreciation	818,919	671,901
<b>Net Fixed Assets</b>	1,207,687	1,354,704
<b>TOTAL ASSETS</b>	\$ 2,088,303	\$ 2,623,929
<b><u>LIABILITIES, CONTRIBUTED CAPITAL AND RETAINED EARNINGS</u></b>		
<b><u>Current Liabilities</u></b>		
Accounts Payable	\$ 29,553	\$ 8,394
Current Portion of Long-Term Debt (Note 3)	57,974	58,169
Accrued Interest Payable	5,088	2,239
Due To Other Funds	-	42,538
<b>Total Current Liabilities</b>	92,615	111,340
<b><u>Long-Term Liabilities</u></b>		
Note Payable (Note 3)	937,237	1,035,415
Customer Deposits	8,320	9,408
<b>Total Long-Term Liabilities</b>	945,557	1,044,823
<b>Total Liabilities</b>	1,038,172	1,156,163
<b><u>Contributed Capital and Retained Earnings</u></b>		
Contributed Capital	349,918	797,119
Retained Earnings	700,213	670,647
<b>Total Contributed Capital Retained Earnings</b>	1,050,131	1,467,766
<b>TOTAL LIABILITIES, CONTRIBUTED CAPITAL AND RETAINED EARNINGS</b>	\$ 2,088,303	\$ 2,623,929

See Accompanying Independent Auditors' Report and Notes to the Financial Statements.

**TOWN OF COLDWATER, MISSISSIPPI**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS-  
BUDGETED AND ACTUAL-ENTERPRISE FUND**

**For The Year Ended September 30, 2004**

**With Comparative Amounts for the Year Ended September 30, 2003**

	<b>Budget</b>	<b>2004 Actual</b>	<b>Variance Favorable (Unfavorable)</b>	<b>2003 Actual</b>
<b>Operating Revenues:</b>				
Meter Sales	114,000	\$ 107,830	\$ (6,170)	\$ 132,505
Sewer Charges	90,000	94,517	4,517	116,776
Interest	22,000	-	(22,000)	-
Transfer	-	54,800	54,800	
Grant	200,000	-	(200,000)	
Late Charges and Connection Fees	11,500	11,542	42	12,244
<b>Total Operating Revenues</b>	<b>437,500</b>	<b>268,689</b>	<b>(168,811)</b>	<b>261,525</b>
<b>Operating Expenses:</b>				
Personnel Costs	90,207	86,546	3,661	69,673
Materials and Supplies	17,000	15,065	1,935	12,467
Professional Services	-	32,250	(32,250)	14,385
Repair and Maintenance	-	27,998	(27,998)	19,474
Other Expenses	42,000	24,008	17,992	50,112
Capital Outlay	287,533	-	287,533	
Depreciation Expense	-	53,449	(53,449)	65,990
<b>Total Operating Expenses</b>	<b>436,740</b>	<b>239,316</b>	<b>197,424</b>	<b>232,101</b>
<b>Net Operating Income</b>	<b>\$ 760</b>	<b>29,373</b>	<b>\$ (366,235)</b>	<b>29,424</b>
<b>Non-Operating Revenues (Expenses)</b>				
Interest Income		1,517		8,633
Interest Expense		(32,827)		(23,632)
<b>Total Nonoperation Revenues</b>		<b>(31,310)</b>		<b>(14,999)</b>
<b>Net Income</b>		<b>(1,937)</b>		<b>14,425</b>
<b>Prior Period Adjustment</b>		<b>381,421</b>		<b>-</b>
<b>RETAINED EARNINGS - BEGINNING OF YEAR</b>		<b>670,647</b>		<b>656,222</b>
<b>RETAINED EARNINGS - END OF YEAR</b>		<b>\$ 1,050,131</b>		<b>\$ 670,647</b>

See Accompanying Independent Auditors' Report and Notes to the Financial Statements.

**TOWN OF COLDWATER, MISSISSIPPI**

**SCHEDULE OF INVESTMENTS – ALL FUNDS  
For The Year Ended September 30, 2004**

<b>GENERAL FUND</b>		
<b>Certificate of Deosit dated 9/30/03. Due 12/31/04</b>	<b>3.70%</b>	<b><u>\$ 2,089,047</u></b>
<b>Total General Fund</b>		<b>2,089,047</b>
<b>WATER AND SEWER FUND:</b>		
<b>Certificate of Deosit dated 8/26/03. Due 9/07/04</b>	<b>3.50%</b>	<b>255,846</b>
<b>Certificate of Deposit dated 8/26/03. Due 11/26/03</b>	<b>3.25%</b>	<b>36,235</b>
<b>Certificate of Deposit dated 8/26/03. Due 11/26/03</b>	<b>3.25%</b>	<b><u>81,124</u></b>
<b>Total Water and Sewer Fund</b>		<b>373,205</b>
<b>EXPENDABLE TRUST FUND:</b>		
<b>Certificate of Deposit dated 8/26/03. Due 11/26/03</b>	<b>3.25%</b>	<b><u>25,918</u></b>
<b>Total Expendable Trust Fund</b>		<b><u>25,918</u></b>
<b>TOTAL INVESTMENTS</b>		<b><u><u>\$ 2,488,170</u></u></b>

See Accompanying Independent Auditors' Report and Notes to the Financial Statements.

**TOWN OF COLDWATER, MISSISSIPPI**

**SCHEDULE OF SURETY BONDS FOR CITY OFFICIALS  
For The Year Ended September 30, 2004**

<b><u>Name and Position</u></b>	<b><u>Surety</u></b>	<b><u>Amount</u></b>
<b>Roseber Thomas Mayor</b>	<b>Mississippi Municipal Bond Program</b>	<b>\$ 25,000</b>
<b>Eddie M. Pitts Vice Mayor</b>	<b>Mississippi Municipal Bond Program</b>	<b>12,000</b>
<b>Mary Jackson City Clerk</b>	<b>The St. Paul Surety</b>	<b>100,000</b>
<b>Ella Cummings Deputy Clerk</b>	<b>The St. Paul Surety</b>	<b>50,000</b>
<b>Larry Hulette Chief of Police</b>	<b>The St. Paul Surety</b>	<b>50,000</b>
<b>Larry Estep Police Officer</b>	<b>The St. Paul Surety</b>	<b>25,000</b>
<b>Michael Bingham Police Officer</b>	<b>The St. Paul Surety</b>	<b>25,000</b>
<b>Sandra Bonner Police Officer</b>	<b>The St. Paul Surety</b>	<b>25,000</b>
<b>Terry Wortham Alderman</b>	<b>Mississippi Municipal Bond Program</b>	<b>12,000</b>
<b>Harold Davis Alderman</b>	<b>Mississippi Municipal Bond Program</b>	<b>12,000</b>
<b>Sherman Riley Alderman</b>	<b>Mississippi Municipal Bond Program</b>	<b>12,000</b>
<b>Vernon Jackson Alderman</b>	<b>Mississippi Municipal Bond Program</b>	<b>12,000</b>

See Accompanying Independent Auditors' Report and Notes to the Financial Statements.

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**To the Honorable Mayor and  
Board of Alderman  
Town of Coldwater, Mississippi**

**We have audited the general purpose financial statements of Town of Coldwater, Mississippi, as of and for the year ended September 30, 2004, and have issued our report thereon dated March 25, 2005. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.**

**Compliance**

**As part of obtaining reasonable assurance about whether Town of Coldwater, Mississippi's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under Government Auditing Standards.**

**Internal Control Over Financial Reporting**

**In planning and performing our audit, we considered Town of Coldwater, Mississippi's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting.**

**Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a**

**To the Honorable Mayor and  
Board of Alderman  
Page 2**

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS  
(Continued)**

relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization, Board of Alderman, 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.

March 25, 2005

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

**To The Honorable Mayor and  
Board of Aldermen  
Coldwater, Mississippi**

**We have audited the general purpose financial statements of the Town of Coldwater, Mississippi, as of and for the year ended September 30, 2004, and have issued our report thereon dated March 25, 2005. 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*.**

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

**The result of those procedures and our audit of the general purpose financial statements disclosed no material instances of noncompliance with state laws and regulations.**

**In connection with our audit, nothing came to our attention that caused us to believe that the Town of Coldwater, Mississippi had not complied with the requirements of the Office of the State Auditor, as set forth in the Municipal Compliance Questionnaire.**

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

**March 25, 2005**

**TOWN OF COLDWATER, MISSISSIPPI**

**SCHEDULE OF FINDING AND QUESTIONED COSTS  
For The Year Ended September 30, 2004**

**Section I – Summary of Auditors’ Results**

**FINANCIAL STATEMENTS**

Type of auditors’ report issued: Adverse

Internal control over financial reporting:

Material weakness(s) identified? \_\_\_\_\_ Yes   **X**   No

***Reportable condition(s) identified not***

Considered to be material weaknesses? \_\_\_\_\_ Yes   **X**   None Reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes   **X**   No

Federal Awards

Internal Control over major programs:

Material weakness (es) identified? \_\_\_\_\_ Yes   **X**   No

Reportable condition(s) identified not considered to be material weakness? \_\_\_\_\_ Yes   **X**   None Reported

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)? \_\_\_\_\_ Yes   **X**   No

**TOWN OF COLDWATER, MISSISSIPPI**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For The Year Ended September 30, 2003  
(Continued)**

<u>CFDA Number</u>	<u>Name of Federal Program</u>
14.228	CDBG State Sewer System Improvement
Dollar threshold used to distinguish Between Type A and Type B Programs:	\$500,000
Auditee qualified as low-risk auditee?	_____ Yes <u> X </u> No

**Section II – Financial Statement Findings**

There were no findings noted during our audit period ended September 30, 2004 that are reportable conditions, material weakness, or instances of noncompliance related to the financial statements that are required to be reported in accordance with paragraphs 5.18 through 5.20 of Government Auditing Standards.

**Section III – Federal Award Finding and Questioned Costs**

No reportable finding.

**TOWN OF COLDWATER, MISSISSIPPI**

**LISTING OF ALL CITY OFFICIALS**

<b><u>Name and Position Office</u></b>	<b><u>Title</u></b>	<b><u>Years in</u></b>
<b>Roseber Thomas</b>	<b>Mayor</b>	<b>3</b>
<b>Eddie M. Pitts</b>	<b>Vice Mayor</b>	<b>15</b>
<b>Mary Jackson</b>	<b>City Clerk</b>	<b>15</b>
<b>Ella Cummings</b>	<b>Deputy Clerk</b>	<b>17</b>
<b>Larry Hulette</b>	<b>Chief of Police</b>	<b>2</b>
<b>James Minor</b>	<b>City Attorney</b>	<b>2</b>
<b>Edward T. Davis</b>	<b>City Engineer</b>	<b>12</b>
<b>Terry Wortham</b>	<b>Alderman</b>	<b>11</b>
<b>Harold Davis</b>	<b>Alderman</b>	<b>2</b>
<b>Sherman Riley</b>	<b>Alderman</b>	<b>3</b>
<b>Vernon Jackson</b>	<b>Alderman</b>	<b>4</b>