



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, MISSISSIPPI**

\*\*\*\*\*

**AUDIT REPORT**  
**September 30, 2018**



TOWN OF COLDWATER, MISSISSIPPI

ANNUAL FINANCIAL REPORT  
Year Ended September 30, 2018

TABLE OF CONTENTS

**Financial Section**

Independent Auditors' Report.....	1
Management's Discussion and Analysis.....	4

**Basic Financial Statements**

**Government-wide Financial Statements**

Statement of Net Position.....	8
Statement of Activities.....	10

**Fund Financial Statements:**

**Governmental Funds Financial Statements**

Balance Sheet.....	11
Reconciliation of the Governmental Funds Balance Sheet.....	12
Statement of Revenues, Expenditures, and Changes in Fund Balances.....	13
Reconciliation of Revenues, Expenditures, and Changes in Fund Balances of Government Funds to the Statement Activities.....	14
Budget and Actual-General Fund.....	15

**Proprietary Funds Financial Statements**

Statement of Net Position.....	16
Statement of Revenues, Expenditures, and Changes in Net Position.....	18
Statement of Cash Flows.....	19

Notes to Financial Statements.....	20
------------------------------------	----

**Required Supplementary Information other than Management's Discussion and Analysis**

Combining Balance Sheet-Nonmajor Governmental Fund.....	38
Combining Statement of Revenue, Expenditures and Changes in Fund Balance Nonmajor Governmental Fund.....	39
Cemetery Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual.....	40
Budgetary Comparison-Proprietary Fund.....	41

**Other Supplementary Information**

Schedule of Investment - All Funds.....	42
Principal Officials.....	43
Schedule of Surety Bonds.....	44
Schedule of Changes In Net Pension Liability.....	45

**Internal Control and Compliance Section**

Independent Auditors' Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.....	46
Independent Auditors' Report on Compliance with State Laws and Regulations.....	48
Schedule of Finding and Recommendation.....	49
Corrective Action Plan.....	50

## INDEPENDENT AUDITORS' REPORT

To the Town of Coldwater  
Town of Coldwater, Mississippi

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information, of Town of Coldwater, Mississippi as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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*

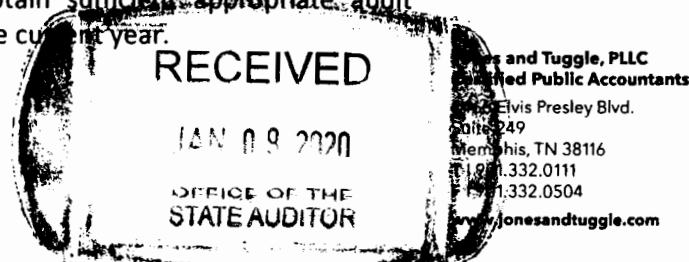
Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*,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

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

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

### *Basis for Adverse Opinion on the Financial Statement as a Whole*

The Town's last audit was for the year ended September 30, 2013 which an adverse opinion was issued. We were unable to obtain sufficient appropriate audit evidence regarding the opening balances for the current year.



### *Adverse Opinions*

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on the Financial Statement as a Whole" paragraph, the financial statements referred to above do not present fairly the financial position of the Town of Coldwater as of September 30, 2018 for the changes in financial position or, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4-7 and 36-38 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board*, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Coldwater, Mississippi basic financial statements. The Roster of Publicly Elected Officials and the Supplementary Information, and other supplemental schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The Financial Statements and Schedules contained in the Supplementary Information section are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information section is fairly stated in all material respects in relation to the financial statements as a whole.

The statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### *Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 1, 2019, on our consideration of the Town of Coldwater, Mississippi'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 the Town of Coldwater,

Mississippi's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Coldwater, Mississippi's internal control over financial reporting and compliance.

*Jones and Tuggle, PLLC*

Jones and Tuggle, PLLC.

Memphis, Tennessee

October 1, 2019

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

Our discussion and analysis of the Town of Coldwater financial performance provides an overview of the Town's financial activities for the fiscal year ended September 30, 2018. The intent of this discussion and analysis is to look at the Town's financial performance as a whole. Readers should also review the basic financial statements to enhance their understanding of the Town's financial performances.

### **FINANCIAL HIGHLIGHTS**

- . The Town's net assets decreased by \$691,466
- . Total General Revenues were \$669,369
- . Total Business-type revenues (sales of water and sewer) \$248,760
- . Expenses for the Town were \$990,942

### **OVERVIEW OF FINANCIAL STATEMENT**

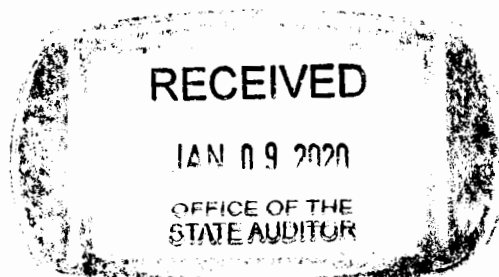
These statements consist of two types of financial statements:

Government-wide financial statements – These financial statements are designed to provide the reader with an overview of the Town's finances, similar to what you'd find in a private business. The statements are prepared using the accrual basis of accounting and include all assets and liabilities.

The state of new assets presents information on all the Town's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the Town's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as revenues are received or expenditures are made; therefore, some of the expenses reported might reflect payments we've made during this fiscal year related to projects or activities from a prior fiscal year. Likewise, some of the revenues reported may reflect funding we've secured for activities or projects that we're contemplating for the future.

Governmental Fund financial statements – A fund is a grouping of related accounts that is used to maintain control over monies that have been earmarked for specific activities of projects. The financial statements do not include any of the "business" type funds, which are our water and sewer fund. The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. We currently have the General Fund.



**MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED (2)****GOVERNMENT WIDE FINANCIAL ANALYSIS**

The largest portion of the Town's net assets can be found in fixed assets and investments less any encumbrance. The Town uses these capital assets to provide services; therefore, these assets may not be available for future spending.

Below are a summary and a prior year comparison of the Town's net assets:

	FYE 9/30/2018	FYE 9/30/2017
Current assets	\$ 1,312,656	\$ 2,161,355
Capital assets, net	2,065,999	3,103,486
Total Assets	<u>\$ 3,378,655</u>	<u>\$ 5,264,841</u>
Current liabilities	\$ 971,068	\$ 71,259
Long-term debt outstanding	282,088	1,280,165
Total Liabilities	<u>\$ 1,253,156</u>	<u>\$ 1,351,424</u>
Net assets		
Invested in capital assets, net of related debt	\$ 1,815,999	\$ 1,586,233
Unrestricted	296,161	2,327,184
Total Net assets	<u>\$ 2,112,160</u>	<u>\$ 3,913,417</u>
Revenue		
Taxes & others	\$ 690,788	\$ 789,377
Charges for services	248,760	246,742
Interest income	1,792	8,655
Total Revenues	<u>\$ 941,340</u>	<u>\$ 1,044,774</u>
Expenses		
Primary government	\$ 902,721	\$ 956,943
Business-type (Water fund)	229,352	361,486
Component unit (Cemetery)	8,187	22,579
Total Expenses	<u>\$ 1,140,260</u>	<u>\$ 1,341,008</u>

The Town of Coldwater had a reasonable financial year for the period ending September 30, 2018. A Town's function is not to produce a profit, but we must maintain a level of revenues in excess of expenditures in order to maintain the overall financial health and viability of the Town.



### **MANAGEMENT'S DISCUSSION AND ANALYSIS – continued (3)**

We rely upon our citizens, first for shopping in the Town of Coldwater because a percentage of our revenues come from sales taxes and secondly, we rely on the businesses and taxpayers for the prompt payments of property, vehicle ad valorem, personal and utility taxes. As with the prior year, we have seen a decrease in sales tax due to the economy. Expenses increased due to fuel cost and other economic difficulties.

#### **ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS**

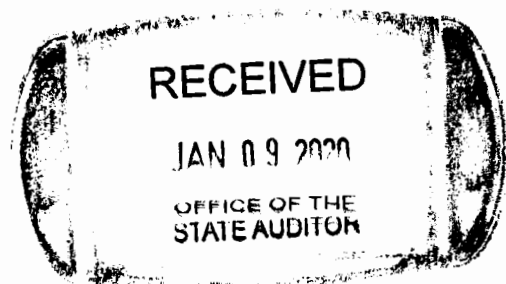
The millage rate is at 30.25 mills for this fiscal year. Budget restraints will remain in place indefinitely. Upon reviewing the income and expenditures for the prior year, the Board of Aldermen decided to increase the present millage rate. Coldwater participated in or applied for several grant programs. The sustainability of our community relies heavily upon our taxpayers and funding from other sources.

The town received a \$418,000 grant from the Delta Regional Authority via the North Delta Planning and Development District in October of 2017. The town also received a \$449,650 grant from the State of Mississippi Community Development Block Grant Fund in February of 2018. These grants were obtained for the purpose of modifying and upgrading the North and South Lagoons.

Some of the major components of the upgrade will be: administrative, and engineering cost, surveying, force mains, a bead filtration unit, a floating baffle curtains,, manhole/wetwell interior coating, erosion control blanket, effluent pump station, new lift pumps, borrow excavation, electrical construction, gravity lines, pinch valve and bypass assembly. In addition, an ammonia nitrogen removal basin. The notice to proceed date is September 16, 2019

#### **BUDGETARY HIGHLIGHTS**

The Town's fiscal operating budget for the General Fund and Water and Sewer Fund are presented and adopted by the Board of Aldermen prior to September 15 of each year for the upcoming fiscal year of October 1 to September 30. The Town endeavors to determine accurate projections for revenues and expenses based on historical data and a reasonable forecast for the upcoming 12-month period. Due to unforeseen events throughout the year, occasionally it is necessary for the Town to amend its budget from time to time during the fiscal year. For FY 2018, there were no substantial adjustments required, therefore no revisions were necessary.



**MANAGEMENT'S DISCUSSION AND ANALYSIS – continued (4)**

**CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS:**

Currently, there are no pending litigations for the Town of Coldwater for this fiscal year.

**CONTACT:**

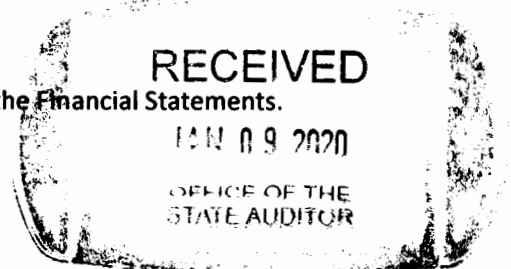
*If you have any questions concerning this report, please contact the Mayor's Office, Town of Coldwater, and P. O. Box 352, Coldwater, MS 38618. Telephone: 662-662-7241 or email: cole2796@gmail.com.*

## BASIC FINANCIAL STATEMENTS

**STATEMENT OF NET POSITION**  
**For the Year Ended SEPTEMBER 30, 2018**

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
<b>ASSETS</b>				
Cash	\$ 209,240	\$ 165,536	\$ 374,776	\$ 26,997
Investments (cash equivalents)	659,864	133,971	793,835	29,405
Receivables (net of allowance for uncollectable)				
Utility Bills	100	56	156	-
Due from other funds	-	83,836	83,836	3,651
Total Current Assets	869,204	383,399	1,252,603	60,053
Fixed Assets (net of accumulated depreciation) (Note 3)	1,642,267	423,732	2,065,999	-
Total Assets	\$ 2,511,471	\$ 807,131	\$ 3,318,602	\$ 60,053
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
Total Deferred Outflow of Resources	\$ 3,182	\$ 192	\$ 3,374	\$ -
<b>LIABILITIES AND FUND EQUITY</b>				
<b>Liabilities</b>				
Current Liabilities				
Accounts Payable	\$ 10,508	\$ (1,916)	\$ 8,592	\$ 300
Current Portion of Long-Term Debt (Note 4 and 5)	62,993	49,417	112,410	
Accrued Interest Payable	-	5,088	5,088	
Due To Other Funds	148,725	8,554	157,279	-
Net Pension Liability	639,616	38,511	678,127	
Payables From Restricted Assets:				
Customer Deposits	-	9,272	9,272	-
Total current liabilities	861,842	108,926	970,768	300
Non-Current Liabilities				
General Obligation Bond (Note 5)	187,007	-	187,007	-
General Obligation Warrants Payable (Note 4)	-	95,081	95,081	-
Total non-current liabilities	187,007	95,081	282,088	-
Total Liabilities	1,048,849	204,007	1,252,856	300
<b>DEFERRED INFLOW OF RESOURCES</b>				
Total Deferred Inflow of Resources	15,764	949	16,713	-

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



**STATEMENT OF NET POSITION (Continued)**  
**For the Year Ended SEPTEMBER 30, 2018**

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
<b>Net Position</b>				
Contributed Capital	-	349,918	349,918	-
Investment In General Fixed Assets	1,392,267	423,732	1,815,999	-
Retained Earnings				
Unreserved	-	-	-	-
Non-spendable	-	-	-	-
Reserved For Prepaid Expenses	-	-	-	-
Restricted	-	-	-	-
Fire department rebates	16,233	-	16,233	-
Committed	-	-	-	-
Park Fund	30,443	-	30,443	-
Street Fund	11,798	-	11,798	-
Unassigned	(701)	(171,283)	(171,984)	59,753
<b>Total Fund Equity</b>	<b>1,450,040</b>	<b>602,367</b>	<b>2,052,407</b>	<b>59,753</b>



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

## TOWN OF COLDWATER, MISSISSIPPI

**GENERAL GOVERNMENT  
STATEMENT OF ACTIVITIES**
*For the Year Ended September 30, 2018*

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Government			Component Units
					Governmental Activities	Business-type Activities	Total	
<b>Primary Government</b>								
Government Activities								
General Government	\$ 282,996	\$ -	\$ 3,750	\$ -	\$ (279,246)	\$ -	\$ (279,246)	\$ -
Public Safety	337,807	-	-	-	(337,807)	-	(337,807)	-
Public Works	226,372	99,416	-	-	(126,956)	-	(126,956)	-
Other Financing Sources	54,800	-	-	-	(54,800)	-	(54,800)	-
Culture and Recreation	746	-	-	-	(746)	-	(746)	-
Total governmental activities:	902,721	99,416	3,750	-	(799,555)	-	(799,555)	-
<b>Business-type Activities</b>								
Water Fund	229,352	248,760	-	900	-	20,308	20,308	-
Total Business Activities	229,352	248,760	-	900	-	20,308	20,308	-
<b>Total Primary Government</b>	<b>1,132,073</b>	<b>348,176</b>	<b>3,750.00</b>	<b>900</b>	<b>(799,555)</b>	<b>20,308</b>	<b>(779,247)</b>	<b>-</b>
<b>Component Units</b>								
Cemetery Fund	8,187	11,107	-	-	-	-	-	2,920
Total Component Units	\$ 8,187	\$ 11,107	\$ -	\$ -	-	-	-	2,920
<b>General revenue</b>								
Taxes					117,318	-	117,318	-
License and Permits					48,718	-	48,718	-
Intergovernmental					450,677	1,001	451,678	-
Fines and Forfeits					20,517	9,474	29,991	-
Interest Income					1,792	-	1,792	-
Miscellaneous					50,866	4,767	55,633	-
Total General Revenues					689,888	15,242	705,130	-
Change in Net Assets					(109,667)	35,550	(74,117)	2,920
Net Assets at Beginning of Year Restated					2,518,325	846,404	3,364,729	56,833
Prior Period adjustment -Pension Adjustment					(958,618)	(279,587)	(1,238,205)	-
Net Assets at End of Year					\$ 1,450,040	\$ 602,367	\$ 2,052,407	\$ 59,753

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

TOWN OF COLDWATER, MISSISSIPPI

**BALANCE SHEET- GOVERNMENTAL FUNDS**  
*For the Year Ended September 30, 2018*

	General Fund	Non-Major Governmental Funds	Total
<b><u>ASSETS</u></b>			
Cash and cash equivalent	\$ 810,630	\$ 58,474	\$ 869,104
Accounts Receivable-Utilities	100	-	100
<b>Total Assets</b>	<b>\$ 810,730</b>	<b>\$ 58,474</b>	<b>\$ 869,204</b>
<b><u>LIABILITIES AND FUND BALANCE</u></b>			
Liabilities:			
Accounts Payable	\$ 10,508	\$ -	\$ 10,508
Due To Other Funds	148,725	-	148,725
<b>Total Liabilities</b>	<b>159,233</b>	<b>-</b>	<b>159,233</b>
Fund Balance:			
Unreserved	651,497	58,474	709,971
<b>Total Liability and Fund Balance</b>	<b>\$ 810,730</b>	<b>\$ 58,474</b>	<b>\$ 869,204</b>



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

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF NET POSITION**

*For the Year Ended September 30, 2018*

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets

**Total Fund Balance - Governmental Funds** \$ 709,971

Amounts reported for governmental activities in the statement

of net assets are different because:

Capital assets used in governmental activities are not financial resources  
and therefore are not reported in the funds. These assets consist of:

Land	89,486	
Building and improvements	2,608,321	
Equipment	428,852	
Vehicles	420,378	
Infrastructure	427,893	
Accumulated depreciation	<u>(2,332,663)</u>	1,642,267

Deferred outflow of resources 3,182

Long-term liabilities are not due and payable in the current period and,  
therefor, are not reported in the funds:

Net pension liability	(639,616)
General obligation and revenue bonds	(250,000)
Deferred inflow of resources-pension	<u>(15,764)</u>

**Net Assets of Governmental Activities** \$ 1,450,040

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



**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-  
GOVERNMENTAL FUNDS**

*For the Year Ended September 30, 2018*

	General Fund	Fire Department Fund	Park Fund	Street Fund	Total
<b>REVENUES</b>					
Taxes	\$ 117,318	\$ 2,605	\$ -	\$ 167,149	\$ 287,072
License and Permits	48,718	-	-	-	48,718
Charges for Services	99,416	-	-	-	99,416
Fines and Forfeits	20,517	-	-	-	20,517
Interest Income	1,792	-	-	-	1,792
Intergovernmental	271,350	9,573	-	-	280,923
Miscellaneous	54,616	-	-	-	54,616
<b>Total Revenues</b>	<b>613,726</b>	<b>12,178</b>	<b>-</b>	<b>167,149</b>	<b>793,054</b>
<b>EXPENDITURES</b>					
Personnel	376,100	-	-	60,801	436,901
Supplies	23,411	1,055	-	3,444	27,910
Other Services and Charges	237,631	8,978	-	39,183	285,792
Capital Outlay	66,700	-	-	-	66,700
<b>Total Expenditures</b>	<b>703,842</b>	<b>10,033</b>	<b>-</b>	<b>103,428</b>	<b>817,303</b>
Excess Of Revenues Over (Under)					
Expenditures	(90,116)	2,145	-	63,721	(24,249)
<b>FUND BALANCE - BEGINNING</b>					
OF YEAR Restated	741,613	14,088	30,443	(51,923)	734,221
<b>FUND BALANCE - END</b>					
OF YEAR	<u>\$ 651,497</u>	<u>\$ 16,233</u>	<u>\$ 30,443</u>	<u>\$ 11,798</u>	<u>\$ 709,971</u>

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

---

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF  
ACTIVITIES**

*For the Year Ended September 30, 2018*

Net Change in Fund Balance - Total Governmental Funds \$ (24,249)

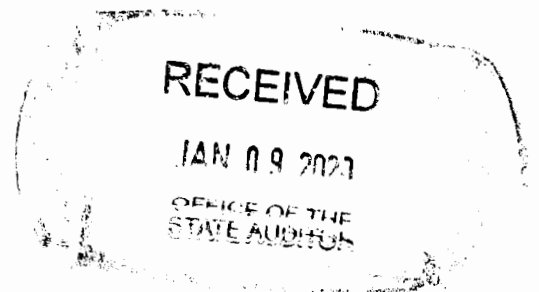
Amounts reported for governmental activities in the statement of  
activities are different because:

Governmental funds report capital outlays as expenditures. However,  
in the statements of activities, the cost of those assets is allocated over  
their estimated useful lives as depreciation expense. (85,418)

Debts proceeds provide current financial resources to governmental funds,  
but issuing debt increases long-term liabilities in the statement of net assets.  
Repayment of debt is an expenditure in the governmental funds, but the  
repayment reduces long-term liabilities in the statement of net assets. -

---

Change in Net Assets of Governmental Activities \$(109,667)



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

**BUDGETARY COMPARISON****GENERAL FUND***For the Year Ended September 30, 2018*

	Budgeted Amount			Variance
	Original	Final	Actual	Favorable (Unfavorable)
<b><u>REVENUES</u></b>				
Taxes	\$ 365,915	\$ 365,915	\$ 117,318	\$ (97,140)
License and Permits	3,500	3,500	48,718	45,218
Intergovernmental	125,100	125,100	271,350	149,851
Charges for Services	116,520	116,520	99,416	(116,520)
Fines and Forfeits	30,000	30,000	20,517	(9,483)
Interest Income	11,000	11,000	1,792	(9,208)
Miscellaneous	34,000	34,000	54,616	20,616
<b>TOTAL REVENUES</b>	<b>686,035</b>	<b>686,035</b>	<b>613,727</b>	<b>(16,666)</b>
<b><u>EXPENDITURES</u></b>				
General Government	239,266	239,266	239,267	119,124
Public Safety	397,024	397,024	339,576	69,717
Public Works	75,000	75,000	75,000	(4,921)
Culture and Recreation	50,000	50,000	50,000	84,254
<b>TOTAL EXPENDITURES</b>	<b>761,290</b>	<b>761,290</b>	<b>703,843</b>	<b>268,174</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(344,642)</b>	<b>(344,642)</b>	<b>(90,116)</b>	<b>251,508</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>			<b>741,613</b>	
<b>FUND BALANCE - END OF YEAR</b>			<b>\$ 651,497</b>	

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

**STATEMENT OF NET POSITION- PROPRIETARY FUND**  
**For the Year Ended September 30, 2018**

**ASSETS****Current Assets**

Cash	\$ 165,536
Investments	133,971
Accounts Receivable	56
Due from other funds	<u>83,836</u>

Total Current Assets 383,399

**Fixed Assets**

Property, Plant and Equipment	2,280,548
Less: Accumulated Depreciation	<u>(1,856,816)</u>

Net Fixed Assets 423,732

**TOTAL ASSETS** **\$ 807,131**

**DEFERRED OUTFLOW OF RESOURCES:**

Total Deferred Outflows of Resources	<u><u>\$ 192</u></u>
--------------------------------------	----------------------

**LIABILITIES, CONTRIBUTED CAPITAL AND RETAINED EARNINGS****Current Liabilities**

Accounts Payable	\$ (1,916)
Current Portion of Long-Term Debt (Note 4)	49,417
Accrued Interest Payable	5,088
Due To Other Funds	8,554
Net Pension Liability	<u>38,511</u>

Total Current Liabilities 99,654

**Long-Term Liabilities**

Note Payable (Note 4)	95,081
Customer Deposits	<u>9,272</u>

Total Long-Term Liabilities 104,353

**Total Liabilities** **204,007**

**DEFERRED INFLOWS OF RESOURCES:**

Total Deferred Inflows of Resources	<u><u>949</u></u>
-------------------------------------	-------------------

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

---

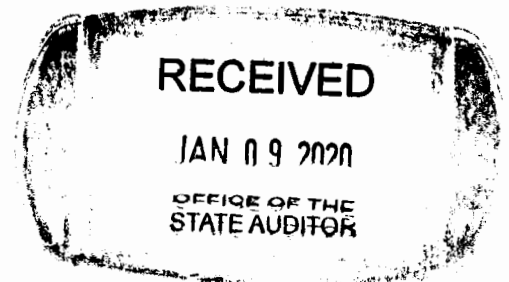
**STATEMENT OF NET POSITION- PROPRIETARY FUND (Continued)**  
**For the Year Ended September 30, 2018**

Contributed Capital and Net Position	
Contributed Capital	349,918
Investment in general fixes assets	423,732
Net Position	<u>(171,283)</u>
Total Contributed Capital Retained Earnings	<u>602,367</u>
<b>TOTAL LIABILITIES, CONTRIBUTED CAPITAL AND NET POSITION</b>	<b><u>\$ 807,323</u></b>

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

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITIONS-**  
**PROPRIETARY FUND**  
*For the Year Ended September 30, 2018*

Operating Revenues:	
Meter Sales	\$ 134,231
Sewer Charges	78,318
Late Charges and Connection Fees	<u>51,453</u>
Total Operating Revenues	264,002
Operating Expenses:	
Personnel Costs	25,836
Materials and Supplies	13,111
Professional Services	46,043
Repair and Maintenance	(795)
Other Expenses	71,574
Depreciation Expense	<u>63,900</u>
Total Operating Expenses	<u>219,669</u>
Net Operating Income	44,333
Non-Operating Revenues (Expenses)	
CDBG Grant	900
Interest Expense	<u>(9,683)</u>
Total Non-Operating Revenues (Expenses)	<u>(8,783)</u>
Net Income	35,550
Net Position - Beginning of Year, Restated	846,404
Prior Period Adjustment	<u>(279,587)</u>
RETAINED EARNINGS - END OF YEAR	<u>\$ 602,367</u>



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

**STATEMENT OF CASH FLOWS- PROPRIETARY FUND**  
**For the Year Ended September 30, 2018**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Operating Revenues:

Water and Sewer Fees	\$291,409
Restoration Fees	37,212
Late Charges	9,474
Other Charges	<u>5,667</u>
Total Operating Revenues	343,762

Operating Expenses:

Personnel Costs	25,836
Material and Supplies	25,901
Professional Services	46,043
Repair and Maintenance	11,215
Other Charges	42,942
Depreciation	<u>63,900</u>
Total Operating Expenses	215,837

Net Cash Provided by Operating Activities 127,925

**CASH FLOWS FROM CAPITAL AND RELATED ITEMS:**

Financing Activities:

Payment on long-term debt	(293,348)
Interest Expense	(9,683)
Interest Income	<u>-</u>
Net Cash Provided By Capital and Related Financing Activities	(303,031)

CASH AND CASH EQUIVALENTS-BEGINNING OF YEAR 340,642

CASH AND EQUIVALENTS-END OF YEAR \$ 165,536

---

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**

**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 6. 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.

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The Town has established a capitalization threshold of \$500. All purchased capital assets are valued at historical cost. Donated capital assets are valued at their estimated fair market value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset life are not capitalized. Improvements are capitalized and depreciated over the remaining useful life of the related asset. Property, plant, and equipment of the primary government, as well as the proprietary fund, are depreciated using the straight-line method over the following estimated useful lives are as follows:

RECEIVED

JAN 09 2019

OFFICE OF THE  
STATE AUDITOR



**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**  
**(Continued)**

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

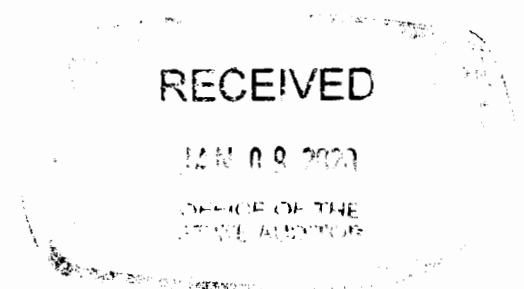
**C. Fixed Assets and Long-Term Liabilities (Continued) -**

Infrastructure	50 years
Building	40 years
Distribution system	25 years
Improvement	20 years
Heavy Equipment	10 years
Other equipment	5 years
Vehicles	5 years

Long-term liabilities of the Governmental and Proprietary Funds are accounted for in the funds themselves. Additional information concerning fixed assets and long-term liabilities are provided in Notes 2 and 3.

- D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation -** The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements use the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available as net current assets. "Measurable" means that amounts can be reasonably determined within the current period. "Available" means collectible within the current period or soon enough thereafter (60 days) to be used to pay liabilities of the current period. Major revenues susceptible to accrual include sales tax and property taxes levied and due in the current year even though a portion of the taxes may be collected in the subsequent year. Penalty on sales taxes and interest on delinquent taxes are considered measurable when paid and are recognized as revenue at that time. Intergovernmental revenues received as reimbursement for specific purposes or projects are recognized in the period the expenditures are incurred. Intergovernmental revenue received but not yet earned



---

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**  
**(Continued)**

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

- D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued) - is recorded as deferred revenue. Property and sales taxes received prior to the time they are due are also recorded as deferred revenue. In subsequent periods, when the Town has legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized. Revenue from land sale contracts receivable is deferred until the receivables are collected. Expenditures are recorded when the fund liability is incurred. The exception to this general rule is principal and interest on general long-term debt which is recognized when due.

The Town reports the following major governmental funds:

The General Fund is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Town reports the following major proprietary funds:

The water fund which accounts for the activities associated with operating water and sewer system for the Town Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer enterprise funds are charges to customers for services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**  
**(Continued)**

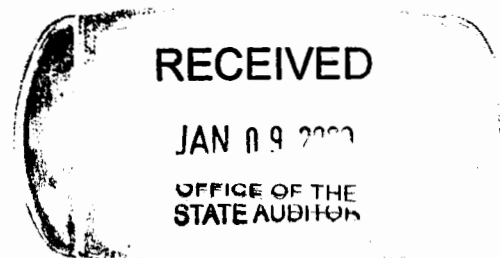
**Note 1 - Summary of Significant Accounting Policies (Continued)**

**E. FASB Application**

**Proprietary Fund Types:** These fund types apply all applicable pronouncements of the Financial Accounting Standards Board (FASB) issued on or before November 30, 1989 that are not in conflict with applicable GASB pronouncements.

**Enterprise Funds:** These funds account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (including depreciation) to provide certain goods and services to the general public be financed or recovered primarily through user charges or where the governing body has deemed that periodic determination of net income is appropriate for purposes of monitoring capital maintenance, accountability, or other purposes. The Town accounts for its water and sewer in the Water and Sewer Fund which meets the criteria of a major fund and has been reported as such in the proprietary fund statements.

- 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, 2018 and during the year then ended. Investments are stated at cost - a schedule of investment is included as part of the supplementary information of this report.
- H. Budget** - Governmental fund 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.



---

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**  
**(Continued)**

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

- H. Budget (continued) - 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 before September 15. 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.
- K. Fund equity- Fund Balance.

Fund equity is generally the difference between assets and liabilities. Government-wide and proprietary funds statements report fund equity as retained earnings. Fund equity of governmental fund statements are reported as fund balance.

Government-wide and proprietary funds' net positions are classified into three components. "Investment in capital assets, net of related debt" consists of capital assets of accumulated depreciation and reduced by outstanding debt used to finance purchase or construction of those assets. "Restricted" net positions are noncapital net positions that must be used for a particular purpose as specified by creditors, grantors, or contributors external to the Town. "Unrestricted net positions are remaining net positions that do not meet the definition of the other two categories.

The Town implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* during the fiscal year 2018. The statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**  
**(Continued)**

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

**K. Fund equity – Fund Balance (continued)**

The statement provides that funds balance be reported and classified in the following manner based on the relative strength of the constraints that control how specific amounts can be spent:

*Non-spendable fund balance* includes amounts that cannot be spent because they are either (a) not in spendable form (e.g. inventories, prepaid) or (b) legally or contractually required to remain intact (e.g. endowments).

*Restricted fund balance* includes amounts constrained for a specific purpose by external parties, constitutional provision, or enabling legislation, (e.g. State and Federal Grants Funds). Effectively, restrictions may only be changed or lifted with the consent of the resource provider.

*Committed funds balance* includes amounts formally constrained for a specific purpose by a government using its highest level of decision-making authority. The commitment of these funds can only be changed by the government taking the same formal action that imposed the constraint originally.

*Assigned fund balance* includes amounts a government intends to use for a particular purpose. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. With the exception of the General Fund, this is the residual fund balance of the classification of all government funds with positive balances.

*Unassigned fund balance* represents general fund amounts not classified elsewhere.

**Note 2 - 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 30.25 mills, allocated as follows:

General Fund	15.00 mills
Park Fund	2.00 mills
Bond Repayment	13.00 mills
Fire Department Fund	<u>.25 mills</u>
<b>TOTAL</b>	<b><u>30.25 mills</u></b>

---

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**  
**(Continued)**

**Note 3 – Budget Process**

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

A. Prior to August 1<sup>st</sup>, the Town Clerk and Chief Administrative Officer submits to the Mayor and Aldermen a proposed operating budget for the fiscal year commencing the following October 1<sup>st</sup>. The operating budget includes proposed expenditures and the means of financing them.

B. Public notice is given of the Town's budget meetings being open to the public, so that public hearings are conducted at Town Hall to obtain taxpayer comments.

C. Prior to September 15th, the budget is legally enacted through adoption by the Mayor and Town Aldermen.

D. The budget is formally revised during the year and properly amended by the Mayor and Town Aldermen.

E. Budgetary comparisons are employed by management as a management control device during the year for all funds.

F. Appropriations lapse at the end of each fiscal year.

Mississippi laws require that municipalities budget revenue and expenditures on a modified-cash basis. Claims that have been incurred prior to the end of the year and that are paid within 30 days under the accrual basis. Prior year claims that are paid after 30 days revert to the cash basis. All revenue is accounted for under the cash basis. The required budgetary basis is therefore not considered a generally accepted accounting principal. Governmental accounting requires that the "budget to actual" statements be prepared according to budgetary laws and the statement of revenues, expenditures, and fund balance be prepared according to the modified-accrual basis (GAAP). The major reconciling items between the budgetary and GAAP presentations are presented on the "budget to actual" statements

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**  
**(Continued)**

**Note 4 - Fixed Assets**

A summary of changes in general fixed assets follows:

Governmental activities:

	Balance 9/30/2012	Additions	Deletions	Balance 9/30/2013
<b>Non Depreciable Assets:</b>				
Land	\$ 89,486	\$ -	\$ -	\$ 89,486
<b>Depreciable Assets:</b>				
Building	1,700,422	-	-	1,700,422
Equipment	428,852	-	-	428,852
Vehicles	445,915	-	-	445,915
Bridge	427,893	-	-	427,893
Improvements	1,046,850	-	-	1,046,850
Construction in progress	-	-	-	-
	<u>4,049,932</u>	<u>-</u>	<u>-</u>	<u>4,049,932</u>
<b>Less accumulated depreciation for:</b>				
Building	217,777	157,325	-	375,102
Improvements	676,103	226,975	-	903,078
Equipment	428,852	-	-	428,852
Vehicles	399,121	46,794	-	445,915
Bridge	136,927	42,790	-	179,717
	<u>1,858,780</u>	<u>473,884</u>	<u>-</u>	<u>2,332,664</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 2,280,638</u>	<u>\$ 473,884</u>	<u>\$ -</u>	<u>\$ 1,806,754</u>

Business-type activities:

<b>Non Depreciable Assets:</b>				
Land	\$ 1,790	\$ -	\$ -	\$ 1,790
<b>Depreciable Assets:</b>				
Water Distribution System	1,971,614	-	-	1,971,614
Equipment	81,746	-	-	81,746
Well	213,528	-	-	213,528
Sewer Machine	35,324	-	-	35,324
Vehicles	9,616	-	-	9,616
<b>Total capital assets</b>	<u>2,311,828</u>	<u>-</u>	<u>-</u>	<u>2,311,828</u>
<b>Less accumulated depreciation for:</b>				
Water Distribution system	1,484,258	298,170	-	1,782,428
Equipment	107,342	21,330	-	128,672
Vehicles	9,616	-	-	9,616
<b>Total accumulated depreciation</b>	<u>1,601,216</u>	<u>319,500</u>	<u>-</u>	<u>1,920,716</u>
<b>Business-type activities capital assets, net</b>	<u>\$ 712,402</u>	<u>\$ 319,500</u>	<u>\$ -</u>	<u>\$ 392,902</u>

RECEIVED

JAN 09 2020

OFFICE OF THE  
STATE AUDITOR

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**  
**(Continued)**

**Note 5 - Changes in Long-Term Debt**  
**General Fund:**

The Town of Coldwater has an obligation to the Peoples Bank bearing interest at 4%. The loan is payable in monthly installment of \$69,991.59 Including interest.

Principle and interest payment for the years following September 30, 2018, are as follow:

	<u>Principal</u>	<u>Interest</u>
2019	\$ 80,000	\$ 8,503
2020	85,000	5,142
2021	85,000	1,645
	<u>\$ 250,000</u>	<u>\$ 15,290</u>

Balance at 9/30/17	\$ 321,010
Additions	-
Payments	(71,010)
Balance at 9/30/18	<u>\$ 250,000</u>

**Proprietary Fund:**

**General Obligation Bond:**

Town of Coldwater has an unsecured obligation to Mississippi Development Authority bearing interest at 2.00%. The loan is payable in monthly installments of \$617, including interest.

Principal and interest payments for the years following September 30, 2018, are as follows:

	<u>Principal</u>	<u>Interest</u>
2019	\$ 6,781	\$ 617
2020	6,918	480
2021	7,057	341
2022	7,200	198
2023	6,004	54
	<u>\$ 33,960</u>	<u>\$ 1,690</u>



**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**  
**(Continued)**

**Note 5 - Changes in Long-Term Debt**

**Proprietary Fund:**

Town of Coldwater has an obligation to Mississippi Department of Environmental Quality bearing interest at 3 %. The loan is collateralized by Treatment Plant.

Principal and interest payments for the years following September 30, 2013, are as follows:

	<u>Principal</u>	<u>Interest</u>
2019	\$ 52,211	\$ 2,597
2020	53,799	1,009
2021	4,354	11
	<u>\$ 110,364</u>	<u>\$ 3,617</u>

**Change in long-term debt**

Balance at 9/30/17	\$ 201,593
Additions	-
Payments	<u>(57,269)</u>
Balance at 9/30/18	<u>\$ 144,324</u>

**Note 6 - Defined Pension Plan**

**(1) Plan Description**

The Public Employees' Retirement System of Mississippi (PERS or the System) was created with the purpose to provide pension benefits for all state and public education employees, sworn officers of the Mississippi Highway Safety Patrol, other public employees whose employers have elected to participate in the System, and elected members of the State Legislature and the President of the Senate. The System administers a cost-sharing, multiple-employer defined benefit pension plan as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, Financial Reporting for Pension Plans.

For the cost-sharing plan participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.00% of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.50% for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**  
**(Continued)**

**Note 6 - Defined Pension Plan (Continued)**

the employee's earnings during the four highest compensated years of creditable service. A member may elect a reduced retirement allowance payable for life with the provision that, after death, a beneficiary receives benefits for life or for a specified number of years. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. In the event of death prior to retirement of any member whose spouse and/or children are not entitled to a retirement allowance, the deceased member's accumulated contributions and interest are paid to the designated beneficiary.

A cost of living adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter.

Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann § 25-11-1 et seq., (1972, as amended) and may be amended only by the Mississippi Legislature. The PERS plan financial report is included in the Comprehensive Annual Financial Report of the Public Employees' Retirement System available at [www.PERS.ms.gov](http://www.PERS.ms.gov).

**(2) Basis of Presentation**

The Schedule of Employer Allocations and Schedule of Collective Pension Amounts (the Schedules) present amounts that are elements of the financial statements of the System or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of the System or its participating employers. The Schedules are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. Such preparation requires management to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ.

**(3) Employer Allocations**

GASB Statement No.68, Accounting and Financial Reporting for Pensions, requires participating employers to recognize their proportionate share of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense. These Schedules are prepared to provide employers with their calculated proportionate share. Contributions from the employers are recognized when legally due, based on statutory

RECEIVED

JAN 09 2019

OFFICE OF THE  
STATE AUDITOR

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**  
**(Continued)**

**Note 6 - Defined Pension Plan (Continued)**

requirements. The employer allocation percentages presented in the Schedule of Employer Allocations are based on the ratio of each employer's actual contribution to the System's total actual contributions for the fiscal year ended June 30, 2018.

The current year employer contributions used in the Schedule of Employer Allocations for 2018 are a component of total employer contributions presented in the Systems audited financial statements. The reconciliation of employer contributions is as follows for the year ended June 30, 2018:

Total current year employer contributions per Schedule of Employer Allocations	\$ 413,781
Timing differences	365
Fees from Optional Retirement Plan *	4,560
Miscellaneous	167
Total employer contributions per audited financial statements	<u>\$ 418,872</u>

\* Optional Retirement Plan contributes administrative fees of 2.60% of covered wages.

**(4) Collective Net Pension Liability**

The components of the collective net pension liability of the participating employers at June 30, 2018 were as follows:

Total pension liability	\$ 1,810,031
Plan fiduciary net position	<u>1,131,905</u>
Employer's net pension liability	<u>\$ 678,126</u>

**(a) Actuarial Assumptions**

The collective total pension liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	3.75-19.00%, including inflation
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 Healthy Annuitant Blue Collar Table projected with Scale BB to 2022, with mills rates set forward one year.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**  
**(Continued)**

**Note 6 - Defined Pension Plan (Continued)**

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2016. The experience report is dated April 18, 2018.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected

future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2018, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
U.S. Broad	27.00%	4.60%
International equity	18.00	4.50
Emerging markets equity	4.00	4.75
Global	12.00	4.75
Fixed income	18.00	0.75
Real assets	10.00	3.50
Private equity	8.00	5.10
Emerging debt	2.00	2.25
Cash	1.00	-
Total	<u>100.00%</u>	

**(b) Discount Rate**

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at the current employer contribution rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore,

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**  
**(Continued)**

**Note 6 - Defined Pension Plan (Continued)**

the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table presents the net pension liability of the cost-sharing plan, calculated using the discount rate of 7.75%, as well as what the plans net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate (amounts in thousands):

	1% decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Net pension liability	<u>\$ 9,010,010</u>	<u>\$ 6,842,804</u>	<u>\$ 5,041,570</u>

**Changes in the Net Pension Liability:**

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a-b)
Balance at June 30, 2017	<u>\$ 1,759,898</u>	<u>\$ 1,082,162</u>	<u>\$ 677,736</u>
Changes for the year:			
Service cost	28,643	-	28,643
Interest	132,073	-	132,073
Different between actual and expected expense	871	-	871
Change in assumptions	-	-	-
Contribution - employer	-	41,511	(41,511)
Contribution - employee	-	23,272	(23,272)
Net investment income		97,274	(97,274)
Benefit payments, including refunds of employee contributions	(111,454)	(111,454)	-
Administrative expense	-	(663)	663
Other changes	-	(196)	196
Net Changes	<u>50,134</u>	<u>49,743</u>	<u>390</u>
Balance at June 30, 2018	<u>\$ 1,810,031</u>	<u>\$ 1,131,905</u>	<u>\$ 678,126</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**  
**(Continued)**

**Note 6 - Defined Pension Plan (Continued)**

**(5) Collective Deferred Outflows of Resources and Deferred Inflows of Resources**

Annual changes to the net pension liability resulting from differences between expected and actual experience with regard to economic and demographic factors and from changes of assumptions about future economic or demographic factors or other inputs are deferred and amortized over the average of the expected remaining service life of active and inactive members. In 2018 and later, the expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2018 using Scale BB rather than the RP-2000 Mortality Table,

which was used prior to 2018. In 2018, the expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2018. Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience. In 2018, assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. Finally, the price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively. Differences between projected and actual earnings on pension plan investments are amortized over a closed period of 5 years. The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources for the year ended June 30, 2018:

The table below provides a summary of the collective deferred outflows and inflows as of June 30, 2018 (measurement date):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experiences	\$ 2,973	\$ 2,859
Changes in assumptions	400	375
Net difference between projected and actual earnings on plan investments	-	13,480
Employer contribution subsequent to the measurement date	-	-
Total	<u>\$ 3,373</u>	<u>\$ 16,713</u>



**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**  
**(Continued)**

**Note 6 - Defined Pension Plan (Continued)**

The collective deferred outflows of resources and deferred inflows of resources reported in the table above will be amortized in the collective proportionate share of pension expense as follows:

Year Ended June 30,	
2019	(5,643)
2020	(40,982)
2021	(7,840)
Total	<u>\$ (54,465)</u>

**Note 7 - Custodial Credit Risk**

Custodial credit risk is the risk that in the event of the failure of a depository institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Federal Deposit Insurance Corporation (FDIC) insures deposits up to \$250,000. As of September 30, 2018, the Town had unsecured funds in the amount of \$151,773. The State of Mississippi Treasury Department oversees the collateralization process for all institutions approved as a public depository in the Statewide Public Funds Collateral Program. On a daily basis, the Treasury monitors collateralization requirements maintained for all of the institutions holding public funds. By using this method, we can provide a better level of assurance to our public entities that their funds are properly safeguarded.

**Note 8 - Compensated Absences**

The Town does not recognize compensated absences because the leave does not carry over to the next year.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**  
**(Continued)**

**Note 9 – Interfund Receivable and Payables**

<u>Due From:</u>	<u>Due To:</u>	<u>Amount</u>
General Fund	Other Funds	(75,249)
W/S Operation	Water Fund	25,000
AP Clearing	Water Fund	59,036
Water Fund	AP Clearing	(8,554)
Clearing	Cemetery	3,651
Other Funds	Clearing Fund	(73,476)

**Note 10 – Risk Management**

The government is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. There has been no significant reduction in insurance coverage from the previous year and settlements have not exceeded insurance coverage for each of the past three fiscal years.

**Note 11 – Prior Period Adjustments**

*The net asset of the general fund and the enterprise fund was decreased by \$958,618 and \$294,868 respectively to record the changes in the net pension adjustments, depreciation and due to and due from.*

**General Fund:**

Beginning Balance	\$ 2,518,325
Net pension adjustment	(652,198)
Prior years depreciation	(388,466)
Correct Due T/From	82,046
Ending Balance	<u>\$ 1,559,707</u>

**Proprietary Fund:**

Beninning Balance	\$ 846,404
Net pension adjustment	(39,268)
Prior years depreciation	(255,600)
Accounts receivable	5,032
Ending Balance	<u>\$ 556,568</u>



---

**NOTES TO THE FINANCIAL STATEMENTS**

***For the Year Ended September 30, 2018***

***(Continued)***

***Note 12 – Subsequent Events***

Management has evaluated events and transaction subsequent to the balance sheet date through the date of the auditors' report (the date the financial statements were available to be issued) for potential recognition or disclosure in the financial statements. Management did not identify any items that should be disclosed.

The organization has received a federal grant in the amount of \$450,000 for improvements to the wastewater treatment plant.



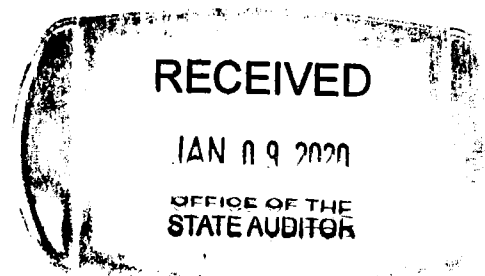
***REQUIRED SUPPLEMENTARY INFORMATION***

**COMBINING BALANCE SHEET-NONMAJOR GOVERNMENTAL FUND**  
**For the Year Ended September 30, 2018**

	Fire Department Fund	Park Fund	Street Fund	Total
<b><u>ASSETS</u></b>				
Cash and cash equiv:	\$ 16,233	\$ 30,443	\$ 11,798	\$ 58,474
Total Assets	<u>\$ 16,233</u>	<u>\$ 30,443</u>	<u>\$ 11,798</u>	<u>\$ 58,474</u>
<b><u>LIABILITIES AND FUND BALANCE</u></b>				
Liabilities:				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Total Liabilities	-	-	-	-
Fund Balance:				
Unreserved	16,233	30,443	11,798	58,474
Total Liability and Fund B:	<u>\$ 16,233</u>	<u>\$ 30,443</u>	<u>\$ 11,798</u>	<u>\$ 58,474</u>

**COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES  
IN FUND BALANCE-NONMAJOR GOVERNMENTAL FUND  
For the Year Ended September 30, 2018**

	Fire Department Fund	Park Fund	Street Fund	Total
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$151,457	\$ 151,457
Intergovernmental	9,573	-	-	9,573
Total Revenues	9,573	-	151,457	161,030
<b>EXPENDITURES</b>				
Personnel	-	-	60,801	60,801
Supplies	1,055	-	3,444	4,499
Other Services and Charges	8,978	-	39,183	48,161
Total Expenditures	10,033	-	103,428	113,461
Excess Of Revenues Over (Under) Expenditures	(460)	-	48,029	47,569
<b>FUND BALANCE - BEGINNING OF YEAR Restated</b>	16,693	30,443	(36,231)	10,905
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 16,233</u>	<u>\$ 30,443</u>	<u>\$ 11,798</u>	<u>\$ 58,474</u>



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

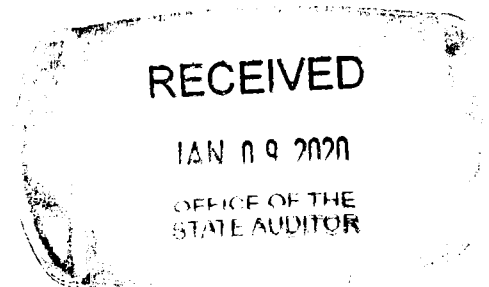
**CEMETARY FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE-BUDGET AND ACTUAL**  
**For the Year Ended September 30, 2018**

	<u>Budgeted Amount</u>			Variance
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
Operating Revenue:				
Lot Sales	\$ 5,000	\$ 5,000	\$ 6,000	\$ 1,000
Dotations	3,000	3,000	4,987	1,987
Dirt Removal	300	300	120	(180)
Total Operating Revenue	8,300	8,300	11,107	2,807
Operating Expenses;				
Repair and Maintenance	1,000	1,000	6,892	5,892
Machinery and Equipment	11,000	11,000	1,199	(9,801)
Gas and Oil	3,000	3,000	96	(2,904)
Other Repair and Maintenance	7,600	7,600	-	(7,600)
Total Operating Expenses	22,600	22,600	8,187	(14,413)
Non-Operating Revenue (Expenses)				
Interest Income	300	300	-	300
Total Non-Operating Revenue	300	300	-	300
Net Income (Loss)	<u>(14,000)</u>	<u>(14,000)</u>	2,920	<u>(11,306)</u>
RETAINED EARNINGS - BEGINNING OF YEAR			56,833	
RETAINED EARNINGS - END OF YEAR			<u>\$ 59,753</u>	

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

**BUDGETARY COMPARISON****PROPRIETARY FUND***For the Year Ended September 30, 2018*

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Operating Revenues:				
Meter Sales	\$ 120,000	\$ 120,000	\$ 133,230	\$ 13,230
Sewer Charges	90,000	90,000	78,318	(11,682)
Grant	450,000	450,000	900	(449,100)
Transfer	-	-	-	-
Late Charges and Connection Fees	10,000	10,000	52,454	42,454
Total Operating Revenues	670,000	670,000	264,902	(405,098)
Operating Expenses:				
Personnel Costs	111,925	111,925	25,836	86,089
Materials and Supplies	21,500	21,500	13,111	8,389
Professional Services	12,325	12,325	46,043	(33,718)
Repair and Maintenance	40,000	40,000	24,005	15,995
Other Expenses	30,500	30,500	34,003	(3,503)
Capital Outlay	495,380	495,380	12,771	482,609
Depreciation Expense	-	-	63,900	(63,900)
Total Operating Expenses	711,630	711,630	219,669	491,961
Net Operating Income	(41,630)	(41,630)	45,233	86,863
Non-Operating Revenues (Expenses)				
Interest Income	1,000	1,000	-	(1,000)
Interest Expense	1,220	1,220	(9,683)	-
Total Nonoperating Revenues	2,220	2,220	(9,683)	(1,000.00)
Net Income	\$ (39,410)	\$ (39,410)	35,550	\$ 85,863
RETAINED EARNINGS - BEGINNING OF YEAR			846,404	
Prior Period Adjustment			(279,587)	
RETAINED EARNINGS - END OF YEAR			\$ 602,367	



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

---

**SCHEDULE OF INVESTMENTS – ALL FUNDS**  
**For the Year Ended September 30, 2018**

**GENERAL FUND**

Certificate of Deposit dated 9/25/10. Due 12/31/13	3.70%	<u>\$ 659,864</u>
Total General Fund		659,864

**WATER AND SEWER FUND:**

Certificate of Deposit dated 8/26/10. Due 11/26/13	2.25%	<u>133,971</u>
Total Water and Sewer Fund		133,971

**EXPENDABLE TRUST FUND:**

Certificate of Deposit dated 8/26/10. Due 11/26/13	3.25%	<u>29,405</u>
Total Expendable Trust Fund		<u>29,405</u>

<b>TOTAL INVESTMENTS</b>		<u><u>\$ 823,240</u></u>
--------------------------	--	--------------------------

**PRINCIPAL OFFICIALS***For the Year Ended September 30, 2018*

<u>Name</u>	<u>Title and Position</u>	<u>Years in Town Government</u>
Jesse Edwards	Mayor	26
Glendon Billinglsey	Vice Mayor	5
Nicole Johnson	City Clerk	1
Reshea Thomas	Deputy Clerk	1
Undra Todd	Chief of Police	14
Sherman Riley	Alderman	13
Randy McAdory	Alderman	5
Gloria Sipp	Alderman	5
Donzella Jefferies	Alderman	14

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



---

***SCHEDULE OF SURETY BONDS FOR TOWN OFFICIALS***  
***For the Year Ended September 30, 2018***

Glendon Billingsley, Vice Mayor	Mississippi Municipal Bond Program	50,000
Nicole Johnson, City Clerk	The St. Paul Surety	100,000
Reshea Thomas, Deputy Clerk	The St. Paul Surety	50,000
Undra Todd, Chief Of Police	The St. Paul Surety	25,000
Michael Smith, Police Officer	The St. Paul Surety	25,000
Daniel Chandler, Police Officer	The St. Paul Surety	25,000
Earnest Bradley, Police Officer	The St. Paul Surety	25,000
Gregory Sansom, Assistant Police Chief	The St. Paul Surety	25,000
Gloria Sipp, Alderman	Mississippi Municipal Bond Program	50,000
Randie Mcadory, Alderman	Mississippi Municipal Bond Program	50,000
Sherman Riley, Alderman	Mississippi Municipal Bond Program	50,000
Donzella Jeffries, Alderman	Mississippi Municipal Bond Program	50,000

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

**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY**  
**GASB 67 Paragraph 32(2)**  
**For the Year Ended September 30, 2018**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Total Pension Liability</b>										
Service cost	31,335	27,012	26,458	\$ 27,194	\$ 28,643					
Interest	126,600	114,994	109,217	113,684	132,073					
Benefit changes	-	-	-	-	-					
Difference between expected and actual experiences	11,833	13,047	14,894	(6,216)	871					
Changes of assumptions	-	73,032	(2,399)	870	-					
Benefit payments	(96,509)	(88,992)	(85,285)	(89,304)	(106,386)					
Refund of contributions	(5,586)	(4,786)	(4,068)	(4,098)	(5,068)					
Net change in total pension liability	67,674	134,307	58,818	42,130	50,134					
Total pension liability- beginning	1,633,549	1,701,223	1,835,530	1,894,348	1,936,478					
Total pension liability- ending (a)	1,701,223	1,835,530	1,894,348	1,936,478	1,986,612					
<b>Plan Fiduciary Net Position</b>										
Contribution - employer	44,566	39,959	36,786	36,728	41,511					
Contribution - members	25,256	22,372	20,624	20,545	23,272					
Net investment income	179,507	33,189	4,715	123,839	97,274					
Benefit payments	(96,509)	(88,992)	(85,285)	(89,304)	(106,386)					
Administrative expense	(590)	(542)	(546)	(615)	(663)					
Refunds of contributions	(5,586)	(4,786)	(4,068)	(4,098)	(5,068)					
other	(23)	(20)	(17)	(308)	(196)					
Net change in plan position	146,622	1,180	(27,791)	86,787	49,743					
Plan net position - beginning	996,730	1,143,352	1,144,533	1,116,742	1,203,529					
Plan net position - ending (b)	1,143,352	1,144,533	1,116,742	1,203,529	1,253,272					
Net pension liability - ending (a) - (b)	\$ 557,871	\$ 690,997	\$ 777,606	\$ 732,949	\$ 733,339					
Plan fiduciary net position as a percentage of the total pension liability	33%	38%	41%	38%	37%					
Covered payroll	323,017	-	-	-	368,316					
Net pension liability as a percentage of covered payroll	58%	0%	0%	0%	50%					

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

RECEIVED

JAN 10 2021

OFFICE OF THE  
STATE AUDITOR

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

To the Town of Coldwater and Board of Aldermen  
Coldwater, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Town of Coldwater, Mississippi, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise Town of Coldwater, Mississippi's basic financial statements, and have issued our report thereon dated October 1, 2019.

***Internal Control Over Financial Reporting***

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not

**JONES<sup>&</sup>  
TUGGLE**

Jones and Tuggle, PLLC  
Certified Public Accountants  
4466 Elvis Presley Blvd.  
Suite 249  
Memphis, TN 38116  
T | 901.332.0111  
F | 901.332.0504  
[www.jonesandtuggle.com](http://www.jonesandtuggle.com)

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

identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

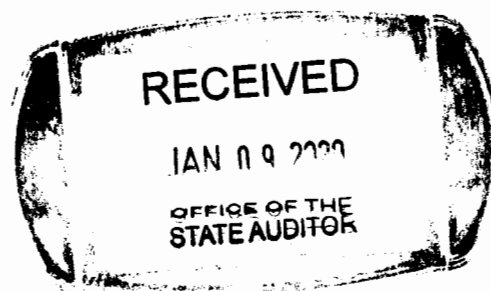
***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether Town of Coldwater, Mississippi'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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Dones and Figgie, PLLC*  
Memphis, TN  
October 1, 2019



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

To the Honorable Mayor and Board of Aldermen  
Town of 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, 2018, and have issued our reported thereon dated October 1, 2019. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

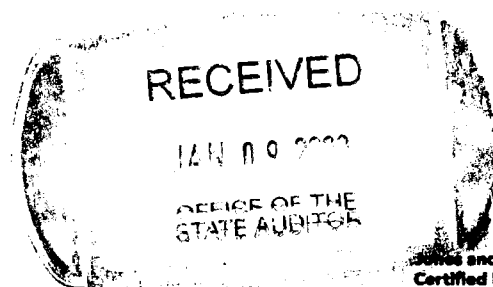
As required by the state compliance and by the audit program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain state law and regulations. However, providing an opinion on compliance with state laws and regulations was not an objective of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

The results of those procedures and our audit, the general-purpose financial statements disclosed one material instances of noncompliance with state law and regulations. The finding is listed in our schedule of Finding and Recommendation.

This report is intended for the information of the Town's management and the Office of the State Auditors 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 and its distribution is not limited.

*Jones and Tuggle, PLLC*  
Memphis, TN  
October 1, 2019

**JONES<sup>&</sup>  
TUGGLE**



Jones and Tuggle, PLLC  
Certified Public Accountants  
4466 Elvis Presley Blvd.  
Suite 249  
Memphis, TN 38116  
T | 901.332.0111  
F | 901.332.0504  
[www.jonesandtuggle.com](http://www.jonesandtuggle.com)

***SCHEDULE OF FINDING AND RECOMMENDATION***

***For the Year Ended September 30, 2018***

***Finding No. 1 – Annual Audit***

***Condition:*** The Town has not completed an audit in past four years.

***Criteria:*** Section 21-35-31 (1), Miss. Code Ann. (1972), requires all municipalities have an annual audit of their books.

***Effect:*** The Town is not in compliance with the State statute.

***Recommendation:*** We recommend that the Town make every effort to make sure that all future audits are completed in accordance with the state statute, and request a waiver for the previous year audit.

***Response:*** See Corrective Action Report

# TOWN OF COLDWATER

444 Court Street  
PH# 662.622.7241

POB 352  
Email: servicedrive@yahoo.com

Coldwater, MS 38618  
Fax# 662.622.7242

---

Jones and Tuggle, CPA Firm  
4466 Elvis Presley Blvd -Suite 249  
Memphis, Tennessee 38116

Re: For the year ending September 30, 2018

Dear Sir/Madam:

Pursuant to the 2017-18 annual audit, herein is the Accounting Firm of Jones and Tuggle's audit finding, condition, criteria, effect, and recommendation for the Town of Coldwater's 2017-2018 annual audit. The Firm is conducting the town's 2017-2018 Independent audit as required by the MS Code Annotated (1972). Further, included in this letter is the town's response, corrective action plan, request for waivers for each year's violation, and request for abatement(s) for each year's violation.

**Finding No. 1 - Annual Audit. Condition:** The town has not completed an audit in the past four years. **Criteria:** Section 21-35-31(1), Miss. Code Ann. (1972), requires all municipalities to have an annual audit of their books. **Effect:** The Town is not in compliance with state statute. **Recommendation:** That the town make every effort to make sure that all future audits are completed in accordance with state statute, and request a waiver for the previous years' audits.

**Response:** This administration came into office July 5, 2017. We found the finding, condition, criteria, and effect pre-dated our arrival-election cycle (July 1, 2013-June 30, 2017). We have worked diligently to comply with the Criteria since our arrival. Noting this non-compliance, and the urgency of bringing our town into compliance, we contracted with the audit firm of Jones and Tuggle of Memphis, TN, February 06, 2018 to conduct an independent audit for the 2017-2018 fiscal year. We wish to impart that the fiscal years audits for October 1, 2013 - September 30, 2017 could not be conducted because the audit for year ending September 30, 2014 was not conducted. We found at the time of our arrival that the financial record keeping system was not and is not amenable (missing or not kept, in total disarray) to allow for any of these audits (October 1, 2013-September 30, 2017) to be conducted.

RECEIVED

IAN 11 9 2020

OFFICE OF THE  
STATE AUDITOR

**Corrective Action:** This administration pledge is to keep financial records in accordance with generally accepted accounting principles (GAAP). This will enable fiscal records to be audited by any CPA or independent accounting firm.

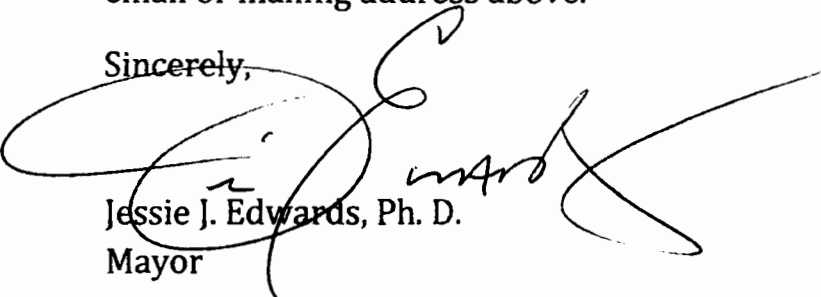
We pledge to engage an independent auditor within two months of the ending of each fiscal year. In the alternative, within two months of the completion of the previous year's audit to contract with an independent auditor for completion of the next year's audit.

**Request for Waiver:** As a municipality, and as elected officials representing its citizenry, we respectfully request a waiver for the past administration's failure to comply with Section 21-35-31 (1) of the MS Code Annotated (1972) in that there is nothing the citizens of the town or this administration can do or could have done to prevent or correct these criterial violations.

**Request for Abatement:** We respectfully request that any penalties that may be imposed by Section 21-35-31(1) for non-compliance for each year of non-compliance be held in abatement contingent on our corrective action plan.

If you have queries, feel free to call us at the number above, or write to us at the email or mailing address above.

Sincerely,



Jessie J. Edwards, Ph. D.  
Mayor

CC: Nicole Johnson, Town Clerk  
Trena Williams, Town Attorney  
Board of Aldermen  
MS State Auditor's Office

RECEIVED

DEC 10 2020

OFFICE OF THE  
CLERK OF THE