

## OFFICE OF THE STATE AUDITOR REPORT NOTE:

*Section 7-7-211, Mississippi Code Annotated (1972)* gives the Office of the State Auditor the authority to audit, with the exception of municipalities, any governmental entity in the state. In the case of municipalities, *Section 21-35-31, Mississippi Code Annotated (1972)* requires municipalities to obtain an annual audit performed by a private CPA firm and submit that audit report to the Office of the State Auditor. The Office of the State Auditor files these audit reports for review in case questions arise related to the municipality.

As a result, the following document was not prepared by the Office of the State Auditor. Instead, it was prepared by a private CPA firm and submitted to the Office of the State Auditor. The document was placed on this web page as it was submitted and no review of the report was performed by the Office of the State Auditor prior to finalization of the report. 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 Coffeeville, Mississippi

Special Report on Agreed Upon Procedures  
For Small Municipalities (Towns)

For the Year Ended September 30, 2019

# **Town of Coffeeville, Mississippi**

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## SPECIAL REPORT ON AGREED-UPON PROCEDURES FOR SMALL MUNICIPALITIES (TOWNS)

Honorable Mayor and Board of Alderman  
Town of Coffeeville  
Coffeeville, Mississippi  
9/30/19

We have applied certain agreed-upon procedures, as discussed below, to the accounting records of the Town of Coffeeville, Mississippi, as of September 30, 2019, and for the year then ended, as required by the Office of the State Auditor, under the provisions of Section 21-35-31 Mississippi Code Ann. (1972). It is understood the report is solely for the use of the governing body of the Town of Coffeeville, Mississippi, and the Office of the State Auditor and should not be used for any other purposes. Our procedures and findings are as follows:

1. We reviewed cash on deposit with the following bank and obtained statements of the related balances from the bank:

Bank	Fund	Balance Per Bank Statement
Renasant Bank	General	\$ 22,875
Renasant Bank	General-Fire - Rebate	61,657
Renasant Bank	General-Cemetery	22,874
Renasant Bank	General-Bond	24,085
Renasant Bank	General-Contingent	12,000
Renasant Bank	General-Depreciation	12,000
Renasant Bank	General-Court	7,062
Renasant Bank	General-Industrial Park	6,084
Renasant Bank	Water & Sewer-Drainage	4,796
Renasant Bank	General-State Code	1,228
Renasant Bank	General-Police Seized	15,542
Renasant Bank	General-William Shelton	1,219
Renasant Bank	Water & Sewer	3,662
Renasant Bank	General Fund ?	2,078
Total		<u>\$ 197,162</u>

2. All investment transactions during the year were examined for compliance with investments authorized by Section 21-33-323, Mississippi Code Ann. (1972), and is presented in the Schedule of Investments on Page 12 of this report.

**SPECIAL REPORT ON AGREED-UPON PROCEDURES FOR SMALL MUNICIPALITIES (TOWNS)**

**Honorable Mayor and Board of Alderman**

**Town of Coffeeville**

**Coffeeville, Mississippi**

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3. We performed the following procedures with respect to taxes on real and personal property (including motor vehicles) levied during the fiscal year:
- Verified use of certified county assessment rolls and traced levies to governing body minutes,
  - Examined uncollected taxes for proper handling, including tax sales,
  - Traced distribution of taxes collected to proper funds; and
  - Analyzed increase in taxes for most recent period for completion with increase limitations of Sections 27-39-320 to 27-39-323, Mississippi Code Ann. (1972).

The distribution of taxes to funds was found to be in accordance with prescribed tax levies, and uncollected taxes were determined to be properly handled.

Ad valorem tax collections were found to be within the limitations of Sections 27-39-320 to 27-39-323, Mississippi Code Ann. (1972).

There were no Ad valorem tax collections for the retirement of general obligation debt. Ad valorem tax collections for the retirement of water and sewer bonds were found to be sufficient for payment of current principal and interest in accordance with limitations imposed by Sections 21-33-87 and 21-33-303, Mississippi Code Ann. (1972).

4. We obtained a statement of payments made by the Department of Finance and Administration to the municipality. Payments indicated were traced to deposits in the respective bank accounts and recorded in the general ledger. Payments traced were as follows:

Homestead Reimbursement	\$	20,167
Fire Protection		5,341
Gasoline Tax		2,772
TVA Payments in Lieu Tax		7,933
Sales Tax Allocation		125,385
Utility Relocation		12,702
Municipal Aid		451
Health Grant Funds		2,850
MDA-CDBG		8,000
		<hr/>
Total	\$	<u>185,601</u>

5. We reviewed the Town of Coffeeville's record of purchases for the fiscal year. Nothing came to our attention that would lead us to believe that the Town's purchasing procedures were not in agreement with the requirement of Title 31, Chapter 7, Mississippi Code Ann. (1972)

We found the municipalities purchasing procedures to be in agreement with the requirements of the above-mentioned sections.

**SPECIAL REPORT ON AGREED-UPON PROCEDURES FOR SMALL MUNICIPALITIES (TOWNS)**

**Honorable Mayor and Board of Alderman**

**Town of Coffeeville**

**Coffeeville, Mississippi**

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6. The Town did not prepare the Municipal Compliance Questionnaire. Based on our interview of the Town Clerk, we noted the following:
  - a. The Town did not publish a synopsis or notice of the annual audit within 30 days of acceptance (Sections 21-35-31 or 21-17-19)
  - b. Fixed assets were not properly tagged and accounted (Section II-Municipal Audit & Accounting Guide)
  - c. The Town did not contract with a Certified Public Accountant or an auditor approved by the State Auditor for its annual audit within twelve months of the end of the fiscal year (Section 21-35-31).

Because the above procedures do not constitute an audit in accordance with generally accepted auditing standards, we do not express an opinion on any of the specific accounts or classes of transactions referred to above. In connection with the procedures referred to above, no matters came to our attention that caused us to believe the items specified in Paragraphs 1, 2 and 3 should be adjusted. Had we performed additional procedures, or had we conducted an audit of the financial statements in accordance with generally accepted auditing standards, other significant matters might have come to our attention that would have been reported to you. This report should not be associated with the financial statements of the Town of Coffeeville, Mississippi, for the year ended September 30, 2019.

*The Myles CPA Firm, PLLC*

THE MYLES CPA FIRM, PLLC

Certified Public Accountants

Tupelo, Mississippi

February 11, 2021

## ACCOUNTANT'S COMPILATION REPORT

Honorable Mayor and Board of Alderman  
Town of Coffeeville  
Coffeeville, Mississippi

I have compiled the accompanying statement of cash receipts and disbursements – all fund types as of September 30, 2019, and for the year then ended, in accordance with Statements on Standards for Accounting and Review Services established by the American Institute of Certified Public Accountants.

A compilation is limited to presenting, in the form of financial statements, information that is the representation of management. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

*The Myles CPA Firm, PLLC*

THE MYLES CPA FIRM, PLLC  
Certified Public Accountants  
Tupelo, Mississippi  
February 11, 2021

**Town of Coffeeville Mississippi**  
**Combined Statement of Cash Receipts and Disbursements (All Funds)**  
**For the Fiscal Year Ended September 30, 2019**

<b>RECEIPTS</b>	Governmental Activities				Business-Type Activities
	General Fund	Debt Service	Special Revenue	Total	Enterprise Fund
General Property Taxes	127,831	-	-	127,831	-
Licenses and Permits:					
Privilege Licenses	3,300	-	-	3,300	-
Franchise Charges	41,373	-	-	41,373	-
Other Permits	-	-	-	-	-
Intergovernmental Revenues:					
Fire Protection Allocation	5,341	-	-	5,341	-
Gasoline Tax	2,772	-	-	2,772	-
General Municipal Aid	451	-	-	451	-
Pro Rata Road Taxes	30,889	-	-	30,889	-
Sales Taxes	125,385	-	-	125,385	-
TVA PILT	7,933	-	-	7,933	-
Charges for Services:					
Cemetery	20,725	-	-	20,725	-
Water	-	-	-	-	366,464
Fines and Forfeitures	18,897	-	-	18,897	-
Interest	449	-	-	449	7
Rent	17,222	-	-	17,222	5,788
Transfers	20,784	-	-	20,784	352
Other Income	39,523	-	-	39,523	-
<b>Total Receipts</b>	<b>462,875</b>	<b>-</b>	<b>-</b>	<b>462,875</b>	<b>372,611</b>

The accompanying notes are an integral part of these Financial Statements.



**Town of Coffeeville Mississippi**  
**Combined Statement of Cash Receipts and Disbursements (All Funds)**  
**For the Fiscal Year Ended September 30, 2019**

<b>DISBURSEMENTS</b>	Governmental Activities				Business-Type Activities
	General Fund	Debt Service	Special Revenue	Total	Enterprise Fund
General Government	04,387	-	-	204,387	-
Public Safety:					
Police	74,950	-	-	174,950	-
Fire	4,200	-	-	14,200	-
Public Works	0,601			80,601	-
Culture and Recreation	,500	-	-	6,500	-
Enterprise:					
Sanitation	-	-	-	-	65,414
Water	-	-	-	-	409,020
Debt Service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
<b>Total Disbursements</b>	<b>80,638</b>	<b>-</b>	<b>-</b>	<b>480,638</b>	<b>474,434</b>
Excess (deficiency) of Receipts over Disbursements	(17,763)	-	-	(17,763)	(101,823)
<b>Other Financing Sources:</b>					
Transfers	-	-	-	-	4,453
Excess (deficiency) of Receipts and Other Financing Sources over Disbursements and other financing uses	(17,763)	-	-	(17,763)	(106,276)
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<b>204,432</b>	<b>46,832</b>	<b>3,783</b>	<b>255,047</b>	<b>68,547</b>
Cash Balance Adjustment	-	-	-	-	83,826
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>186,669</b>	<b>46,832</b>	<b>3,783</b>	<b>237,284</b>	<b>46,097</b>

The accompanying notes are an integral part of these Financial Statements.

## NOTES TO FINANCIAL STATEMENTS

**TOWN OF COFFEEVILLE, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENT**  
**September 30, 2019**

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Note 1 - Summary of Significant Accounting Policies

A. Reporting Entity

The financial statement of the Town consists of all the funds of the Town.

The Citizens of Coffeeville have elected to operate under a Code Charter as permitted by Mississippi Statute 21-3-3, which prescribes a Mayor and Board of Aldermen form of government.

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in accounting principals generally accepted in the United States of America. The basic – but not only – criterion for including a potential component unit with the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financial relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, there are no includable or excludable potential component units.

B. Fund Accounting

The accounts of the Town are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statement in this report, into three generic fund types and two broad fund categories as follows:

C. Governmental Funds

General Fund - The general fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

**TOWN OF COFFEEVILLE, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2019**

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Note 1 - Summary of Significant Accounting Policies (Cont'd)

C. Governmental Funds (Cont'd)

Debt Service Fund - The Debt Service Fund is used to account for accumulation of resources for general long-term debt principal, interest, and related costs. The Debt Service Fund is used to account for the cash bond funds required for debt services.

D. Proprietary Fund

Enterprise Fund – The Enterprise Fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through use charges; or (b) where the governing body had decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Enterprise Fund is the Water Fund.

E. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The Town uses the cash basis of accounting as prescribed by the Mississippi Office of the State Auditor.

In the fund financial statements, governmental, and business-like activities are presented using a cash basis of accounting. This basis recognizes assets, liabilities, net-assets/fund equity, revenues and expenditures/expenses when they result from cash transactions with a provision for depreciation in the proprietary fund statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

If the Town utilized accounting principles generally accepted in the United States of America, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Under the modified accrual basis revenues are recognized when measurable and available. Measurable means, being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

**TOWN OF COFFEEVILLE, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2019**

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Note 1 - Summary of Significant Accounting Policies (Cont'd)

C. Basis of Accounting (Cont'd)

Under the accrual basis revenues are recognized when earned. Expenses (including depreciation and amortization) are recorded when the liability is incurred or the economic asset is used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Note 2 - Report Classifications

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

## SUPPLEMENTARY INFORMATION

**Town of Coffeeville Mississippi**  
**Schedule of Investments (All Funds)**  
**For the Fiscal Year Ended September 30, 2019**

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<u>Ownership</u>	<u>Type of Investment</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Other Information</u>	<u>Investment Cost/Value</u>
General Fund	Certificate of Deposit	0.145%	9/27/2019	Renasant Bank	\$ 25,728.00
General Fund	Certificate of Deposit	0.245%	10/27/2019	Renasant Bank	2,060.00
Debt Service	Certificate of Deposit	0.245%	12/27/2019	Renasant Bank	22,876.00
Enterprise Fund	Certificate of Deposit	0.245%	1/8/2020	Renasant Bank	35,849.00
General Fund	Certificate of Deposit	0.644%	12/29/2022	Renasant Bank	<u>80,000.00</u>
<b>Total Investments</b>					<u><u>\$ 166,513.00</u></u>

The accompanying notes are an integral part of these Financial Statements.

**Town of Coffeeville Mississippi**  
**Schedule of Long-Term Debt (All Funds)**  
**For the Fiscal Year Ended September 30, 2019**

Definition and Purpose	Balance Outstanding 9/30/2018	Transactions During Fiscal Year		Balance Outstanding 9/30/2019
		Issued	Redeemed	
5% USDA Rural Development Loan, issued December 8, 2000, original amount \$760,000, due in monthly installments of \$3,959, principal and interest, beginning January 8, 2001.	\$ 531,670	\$ -	\$ 25,792	\$ 505,878
3% Mississippi Development Authority Capital Improvements Loan, issued February 7, 2011, original amount \$65,000, due in monthly installments of \$628, principal and interest, beginning May 1, 2011.	20,845	-	6,950	13,895
Total	\$ 552,515	\$ -	\$ 32,742	\$ 519,773

The accompanying notes are an integral part of these Financial Statements.



**Town of Coffeeville Mississippi**  
**Schedule of Surety Bonds for Municipal Officials**  
**September 30, 2019**

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NAME	POSITION	SURETY	BOND
William Shelton, Jr.	Mayor	Travelers	25,000
Rosaline Torrance	City Clerk	Travelers	50,000
Rebecca McCullar	Deputy Clerk	Travelers	50,000
Mark Martin	Police Chief	Travelers	50,000
Donald Hayes	Alderman	Travelers	25,000
James A. Matthews, Sr.	Alderman	Travelers	25,000
Eva Lee Longstreet	Alderman	Travelers	25,000
Joe Ray Bourn	Alderman	Travelers	25,000
Michael Ayers, Sr.	Alderman	Travelers	25,000

The accompanying notes are an integral part of these Financial Statements.

## **INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS**

Honorable Mayor and Board of Alderman  
Town of Coffeeville  
Coffeeville, Mississippi

We have compiled the general-purpose financial statements of the Town of Coffeeville as of and for the year ended September 30, 2019 and have issued our report dated February 11, 2021.

As required by the state legal compliance 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 compilation and, accordingly, we do not express such an opinion.

The results of those procedures and our compilation of the general-purpose financial statements disclosed the following material instances of noncompliance with state laws and regulations. Our findings and recommendations and your responses are as follows:

### **2019 Findings:**

- 2019-1 Findings:** The Town did not publish a synopsis or notice of the annual audit within 30 days of acceptance (Sections 21-35-31 or 21-17-19).
- The Town did not tag or account for fixed assets (Section II-Municipal Audit and Accounting Guide).
- The Town did not contract with a Certified Public Accountant or auditor approved by the State Auditor for its annual audit within twelve months of the end of the fiscal year (Section 21-35-31).

**Recommendation:** We recommend the Town observe the requirements as mentioned above.

**INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE  
WITH STATE LAWS AND REGULATIONS**

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**9/30/19**

**2019-2 Findings:** Certain payments from the State were not properly categorized. For example: The first payment for Homestead Exemption was recorded properly as “Homestead Exemption” but the second payment was recorded on a different budget line item.

**Recommendation:** We recommend that greater care be taken in categorizing the expense and revenue items in the proper category(ies).

We recommend the Town develop a corrective action plan detailing the procedures and policies, it will take or initiate to correct the conditions mentioned above.

**2019-3 Findings:** Expenditures were not properly allotted to the various departments. For example, Police salaries and related payroll tax expenses were not separately reported under the “Police Department”.

**Recommendation:** We recommend that the data entry personnel be properly trained and instructed to allocate and apply expenditures on a departmental basis.

The Office of the State Auditor or a public accounting firm will review, on a subsequent year's audit engagement, the findings in this report to ensure that corrective action has been taken.

This report is intended for the information of the Town of Coffeeville'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.

*The Myles CPA Firm, PLLC*

THE MYLES CPA FIRM, PLLC  
Certified Public Accountants  
Tupelo, Mississippi  
February 11, 2021