

## 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.



# **CITY OF PURVIS, MISSISSIPPI**

## **Statement of Cash Receipts and Disbursements and Supplementary Information**

**For the Year Ended September 30, 2021**



## **CITY OF PURVIS, MISSISSIPPI**

Purvis, Mississippi

### **PUBLIC OFFICIALS**

Mr. Roger Herrin,  
Mayor

Ms. Catherine Kemp,  
City Clerk

### **BOARD OF ALDERMEN**

Mr. Wendell Hudson  
Ms. Donna Bielstein  
Ms. Deborah Ferrell  
Mr. Vernon Hartfield  
Ms. Jerry Smith

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## **INDEPENDENT AUDITORS' REPORT**

Board of Aldermen  
City of Purvis, Mississippi

### **Report on the Financial Statement**

We have audited the accompanying statement of cash receipts and disbursements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Purvis, Mississippi (the "City") for the year ended September 30, 2021, and the related notes to the financial statement.

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

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

#### ***Auditors' Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statement, 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 statement 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 statement.

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

### ***Opinion***

In our opinion, the financial statement referred to in the first paragraph presents fairly, in all material respects, the statement of cash receipts and disbursements of the City of Purvis, Mississippi for the year ended September 30, 2021, in accordance with the cash basis of accounting described in Note 1.

### ***Basis of Accounting***

We draw attention to Note 1 of the financial statement, which describes the basis of accounting. The financial statement was prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### ***Other Matter***

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statement as a whole. The accompanying supplementary information, as listed in the table of contents, is presented for purposes of additional analysis as required by the State of Mississippi, Office of the State Auditor, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the financial statement as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 3, 2022, on our consideration of the City'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 City'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 City's internal control over financial reporting and compliance.

*Carr, Riggs & Ingram, L.L.C.*

Laurel, Mississippi  
June 3, 2022

**City of Purvis, Mississippi**  
**Statement of Cash Receipts and Disbursements**  
**Governmental and Business-Type Activities**

	Governmental Activities			Business-type Activities
	Major Fund	Other		Major Fund
	General Fund	Governmental Funds	Total	Water and Sewer Fund
<i>Year Ended September 30, 2021</i>				
<b>Receipts</b>				
Taxes				
General property taxes	\$ 752,501	\$ 33,172	\$ 785,673	\$ 87,813
Penalties and interest on delinquent taxes	3,912	-	3,912	-
Licenses, permits, and fees	193,547	-	193,547	-
Intergovernmental revenues:				
General municipal aid	1,085	-	1,085	-
Road and bridge tax	96,132	-	96,132	-
Sales tax	1,143,618	-	1,143,618	-
Gasoline tax	6,661	-	6,661	-
Homestead exemption	36,281	-	36,281	-
Rail car tax	2,854	-	2,854	-
Modernization tax	-	107,223	107,223	-
Grant funds		344,974	344,974	-
Charges for services:				
Garbage collection	133,435	-	133,435	-
Water and sewer utility	-	-	-	543,455
Fines and forfeitures:				
Court fines and fees	54,070	-	54,070	-
Interest	50,832	2,837	53,669	14,667
Miscellaneous receipts	26,843	-	26,843	305
<b>Total receipts</b>	<b>\$ 2,501,771</b>	<b>\$ 488,206</b>	<b>\$ 2,989,977</b>	<b>\$ 646,240</b>

(Continued)

*The accompanying notes are an integral part of this financial statement.*



**City of Purvis, Mississippi**  
**Statement of Cash Receipts and Disbursements (Continued)**  
**Governmental and Business-Type Activities**

	Governmental Activities			Business-type
	Major	Other	Total	Activities
	Fund			Major
	General	Governmental		Water
<i>Year Ended September 30, 2021</i>	Fund	Funds		and Sewer
				Fund
<b>Disbursements</b>				
General government	\$ 929,593	\$ -	\$ 929,593	\$ -
Public safety:				
Police	976,463	-	976,463	-
Fire	30,000	-	30,000	-
Public works:				
Street and sanitation	565,039	-	565,039	-
Culture and recreation:				
Parks	-	19,058	19,058	-
Libraries	5,389	-	5,389	-
Enterprise:				
Water and sewer utility	-	-	-	526,516
Redemption of principal	-	-	-	51,452
Interest on debt	-	-	-	6,352
<b>Total disbursements</b>	<b>2,506,484</b>	<b>19,058</b>	<b>2,525,542</b>	<b>584,320</b>
Excess (deficiency) of receipts over (under) disbursements	(4,713)	469,148	464,435	61,920
Other financing sources (uses)				
Transfers in (out)	(30,569)	-	(30,569)	30,569
Proceeds from the sale of assets	6,557	-	6,557	-
Insurance proceeds	9,516	-	9,516	-
<b>Total other financing sources (uses)</b>	<b>(14,496)</b>	<b>-</b>	<b>(14,496)</b>	<b>30,569</b>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(19,209)	469,148	449,939	92,489
Cash basis fund balance - beginning of year	4,737,102	114,601	4,851,703	1,266,044
Cash basis fund balance - end of year	\$ 4,717,893	\$ 583,749	\$ 5,301,642	\$ 1,358,533

*The accompanying notes are an integral part of this financial statement.*

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***General Information***

The City of Purvis, Mississippi (the "City") operates under the mayor/board of aldermen form of government and provides services as authorized by law. These services include the following:

- General administration
- Public safety
- Public works
- Parks and recreation
- Water and sewer utilities

***Financial Report Entity***

The financial statement for the City consists of all the funds of the City. In evaluating how to define the City for financial reporting purposes, management considered all potential component units. The decision whether to include a potential component unit in the reporting entity was made by applying the criteria set forth in accounting principles generally accepted in the United States of America. The application of these criteria provides for identification of any entities for which the City is financially accountable and other organizations that the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statement to be misleading or incomplete. As such, the City does not report any component units for the year ended September 30, 2021.

***Fund Accounting***

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The City's 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 City reports the following major governmental fund:

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

The City reports the following major proprietary fund:

Water and Sewer Fund – This fund is used to account for the operations of the City's water and sewer system which is intended to be self-supporting from user charges.

Additionally, the City reports special revenue funds which are used to account for the proceeds of specific revenue sources that are restricted for specified purposes other than capital projects.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Basis of Accounting***

The financial statement is prepared on the cash basis, as prescribed by the State of Mississippi Office of the State Auditor. Consequently, certain revenues are recognized when received rather than when earned and certain expenses are recognized when paid rather than when the obligation is incurred.

***Budgetary Information***

Annual budgets are adopted for governmental funds and the proprietary fund. The appropriated budgets are prepared by fund and department. The function is the legal level of budgetary control. The City Clerk may make transfers within a function. Transfers between functions require the approval of the Board of Alderman. All appropriations lapse at year-end.

For the year ended September 30, 2021, expenditures exceeded appropriations \$264 in the general government function of the General Fund, \$306 in the public safety function of the General Fund, and \$30,569 for transfers out in the General Fund.

***Cash and Cash Equivalents***

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term certificates of deposit.

***Compensated Absences***

Based on the City's personnel policy, full-time employees can earn vacation benefits based on their years of service as follows:

Years of Service	Vacation
1 - 10	2 weeks or 80 hours
> 10	3 weeks or 120 hours

Vacation days cannot be carried over beyond December 31st of each year. Unused vacation will be paid to the employee at the end of the year. Full-time employees accumulate sick pay at the rate of 8 hours per month, or 96 hours per year, with accumulation limited to 40 days or 320 hours. Employees are not paid for unused sick leave upon termination.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Fund Balance Flow Assumptions***

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

The City is reporting \$50,943 in grant funds received under the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") and \$294,031 under the American Rescue Plan Act ("ARPA Act") in the cash basis fund balance of the other governmental funds. These funds are restricted in accordance with the grant provisions, and if not used, will require repayment to the grantor.

***Property Tax Revenue***

Property taxes are levied annually for the upcoming fiscal year beginning October 1<sup>st</sup> on property values assessed as of the previous January 1<sup>st</sup>. Such levy, which establishes a lien against the underlying property, is made by the City in September before the beginning of the fiscal year. Property tax statements on real property are typically mailed in December each year, with the taxes due annually on February 1<sup>st</sup>. All taxes are collected and remitted to the City by Lamar County. Property with delinquent taxes as of August are subject to sale for collection of such taxes. Property taxes, as well as delinquent tax payments, are recognized in the year they are collected.

**NOTE 2: CASH AND CASH EQUIVALENTS**

Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. Although the City does not have a policy for custodial credit risk, the Mississippi State Treasurer manages this risk for public entity deposits held in qualified public depositories. All of the City's deposits are held in qualified public depositories. The City has deposits with financial institutions totaling \$6,799,173 as of September 30, 2021.

The Office of the State Treasurer's Collateral Division ensures the protection of state funds deposited by agencies in certain Treasury-approved financial institutions. The collateral for public entity deposits in these financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Mississippi Code. Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation.

**City of Purvis, Mississippi**  
**Notes to Financial Statement**

**NOTE 3: DEBT**

The City has utilized loans, as well as other financing available under the State of Mississippi Revolving Fund (SRF) loan program, to provide funds for qualified water and sewer projects. Monthly principal and interest payments for the repayment of the SRF loans are deducted from the City's monthly sales tax payments from the Mississippi Department of Revenue which have been pledged to secure the loan. Water and sewer revenues have been pledged to secure the capital loan. The following loans were outstanding as of September 30, 2021:

<b>Business-type Activities</b>	<b>Original Borrowing</b>	<b>Interest Rate</b>	<b>Monthly Payments</b>	<b>Final Maturity</b>	<b>Balance 9/30/2021</b>
SRF loan - water and sewer	\$ 508,344	1.75%	\$2,547	2025	\$ 96,510
Capital loan - water and sewer	448,637	2.00%	2,270	2031	231,054

Changes in long-term debt for the year ended September 30, 2021, is as follows:

<i>Year Ended September 30, 2021</i>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<b>Long-term Debt:</b>					
SRF loan - water and sewer	\$ 125,118	\$ -	\$ 28,608	\$ 96,510	\$ 29,113
Capital loan - water and sewer	253,898	-	22,844	231,054	22,806
<b>Total long-term debt</b>	<b>\$ 379,016</b>	<b>\$ -</b>	<b>\$ 51,452</b>	<b>\$ 327,564</b>	<b>\$ 51,919</b>

The debt service requirements for the outstanding loans are as follows:

<i>Year Ended September 30,</i>	<b>Principal</b>	<b>Interest</b>
2022	\$ 51,919	\$ 5,885
2023	52,893	4,911
2024	53,885	3,919
2025	31,836	3,042
2026	24,704	2,531
2027-2031	112,327	5,077
<b>Total</b>	<b>\$ 327,564</b>	<b>\$ 25,365</b>

**NOTE 3: DEBT (CONTINUED)**

Pursuant to Section 21-33-303, Mississippi Code, the City is subject to limitations of indebtedness. "No municipality shall hereafter issue bonds secured by a pledge of its full faith and credit for the purposes authorized by law in an amount which, when added to the then outstanding bonded indebtedness of such municipality, shall exceed either (a) fifteen percent (15%) of the assessed value of the taxable property within such municipality, according to the last completed assessment for taxation, or (b) ten percent (10%) of the assessment upon which taxes were levied for its fiscal year ended September 30, 1984, whichever is greater. In computing such indebtedness, there may be deducted all bonds or other evidences of indebtedness, heretofore or hereafter issued, for school, water, sewerage systems, gas, and light and power purposes and for the construction of special improvements primarily chargeable to the property benefited, or for the purpose of paying the municipality's proportion of any betterment program, a portion of which is primarily chargeable to the property benefited. However, in no case shall any municipality contract any indebtedness which, when added to all of the outstanding general obligation indebtedness, both bonded and floating, shall exceed either (a) twenty (20%) of the assessed value of all taxable property within such municipality according to the last completed assessment for taxation or (b) fifteen percent (15%) of the assessment upon which taxes were levied for its fiscal year ended September 30, 1984, whichever is greater.

The following is a schedule of limitations on the indebtedness of the City at September 30, 2021:

<b>Debt Limitation</b>	<b>15 Percent</b>	<b>20 Percent</b>
Assessed value as of September 30, 2021 (\$11,157,729) times applicable percentage	\$ 1,673,659	\$ 2,231,546
Present debt subject to 15% limitation	-	-
Present debt subject to 20% limitation including debt subject to 15% limitation	-	-
Margin for further debt under respective debt limits	\$ 1,673,659	\$ 2,231,546

#### **NOTE 4: RETIREMENT PLAN**

##### ***Plan Description***

The City contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. Plan provisions and the PERS Board of Trustees' authority to determine contribution rates are established by state law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Public Employee Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005, or by calling (601) 359-3589 or 1-800-444-PERS.

##### ***Benefits Provided***

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 percent 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 percent 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 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 member who terminates employment and who is not eligible to receive monthly retirement benefits may request a full refund of accumulated member contributions plus interest. Upon withdrawal of contributions, a member forfeits service credit represented by those contributions.

A cost-of-living adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.00 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 3.00 percent compounded for each fiscal year thereafter.

**NOTE 4: RETIREMENT PLAN (CONTINUED)**

***Funding Policy***

PERS members and employers are statutorily required to contribute certain percentages of salaries and wages as specified by the Board of Trustees. The current contribution rate is 17.4% for employer contributions and 9% for members. The City's contributions to PERS for the fiscal years ended September 30, 2021, 2020, and 2019 were \$170,164, \$149,404, and \$135,098, respectively, equal to the required contributions for each year.

**NOTE 5: RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City participates in two separate risk pools to provide coverage for possible losses due to these risks.

- Mississippi Municipal Workers' Compensation Group – This pool formed under the Mississippi Workers' Compensation Act provides coverage through a risk-sharing pool for claims arising from injuries to employees. The City is jointly and severally liable for obligations of the group. Each member contributes quarterly to a fund held in trust. The funds in the trust account are used to pay claims up to \$250,000. For claims exceeding \$250,000, purchased insurance will pay the excess up to the statutory limit. If total claims during a year were to deplete the trust account, then the pool members would be required to pay for the deficiencies.
- Mississippi Municipal Liability Plan – This is an insurance-purchasing pool. The City, along with the other municipalities as a group, purchase insurance to insure against losses. Settled claims resulting from these insured risks have not exceeded the City's insurance coverage in any of the past three fiscal years.

**NOTE 6: PURVIS VOLUNTEER FIRE DEPARTMENT**

The Purvis Volunteer Fire Department has contracted with Lamar County (the "County") for fire protection services, pursuant to the authority of Section 83-1-37 and 83-1-39, Mississippi Code. According to the contract, the County will provide fire protection and other emergency services to the residents of the City. The City has conveyed to the County all real property, vehicles, trucks, and equipment used by Fire Department. If the contract is terminated, said property shall revert to the City. For the duration of the contract, the City will remit to the county insurance rebates and fire protection taxes levied.



**NOTE 7: UNCERTAINTIES**

***COVID-19***

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result uncertainties have arisen that may have a significant negative impact on the operating activities of the City. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel and meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.

**NOTE 8: SUBSEQUENT EVENTS**

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 3, 2022, and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

**City of Purvis, Mississippi**  
**Schedule of Capital Assets – All Funds**

<i>Year Ended September 30, 2021</i>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>
<b>Governmental activities:</b>				
Land and easements	\$ 88,057	\$ 349,692	\$ (38,770)	\$ 398,979
Buildings and improvements	329,635	-	(6,932)	322,703
Furniture, fixtures, and equipment	497,700	-	-	497,700
Motor vehicles	727,931	60,882	(106,434)	682,379
Infrastructure	1,360,259	13,706	-	1,373,965
Construction in progress	-	21,188	-	21,188
<b>Total governmental activities capital assets</b>	<b>\$ 3,003,582</b>	<b>\$ 445,468</b>	<b>\$ (152,136)</b>	<b>\$ 3,296,914</b>
<b>Business-type activities:</b>				
Land and easements	\$ 11,384	\$ -	\$ -	\$ 11,384
Buildings and improvements	790,757	-	-	790,757
Furniture, fixtures, and equipment	436,127	62,380	-	498,507
Motor vehicles	160,064	-	(16,339)	143,725
Infrastructure	7,059,705	94,790	-	7,154,495
<b>Total business-type activities capital assets</b>	<b>\$ 8,458,037</b>	<b>\$ 157,170</b>	<b>\$ (16,339)</b>	<b>\$ 8,598,868</b>

**City of Purvis, Mississippi**  
**Schedule of Long-Term Debt – All Funds**

<i>Year Ended September 30, 2021</i>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
<b>Long-term Debt:</b>				
SRF loan - water and sewer	\$ 125,118	\$ -	\$ 28,608	\$ 96,510
Capital loan - water and sewer	253,898	-	22,844	231,054
<b>Total long-term debt</b>	<b>\$ 379,016</b>	<b>\$ -</b>	<b>\$ 51,452</b>	<b>\$ 327,564</b>

**City of Purvis, Mississippi**  
**Schedule of Surety and Fidelity Bonds – All Funds**

<b>Name</b>	<b>Position</b>	<b>Surety/Fidelity</b>	<b>Bond Amount</b>
Roger Herrin	Mayor	Zurich **	\$ 100,000
Roger Herrin	Mayor	MS Municipal Bond Program	50,000
Wendell Hudson	Mayor- Protem	MS Municipal Bond Program	50,000
Wendell Hudson	Mayor- Protem	Zurich **	20,000
Deborah Ferrell	Alderman	MS Municipal Bond Program	50,000
Jerry Smith	Alderman	MS Municipal Bond Program	50,000
Leon Hartfield	Alderman	MS Municipal Bond Program	50,000
Donna Bielstein	Alderman	MS Municipal Bond Program	50,000
Catherine Kemp	City Clerk	Briarfield Insurance Company	50,000
Cheryl Woods	Deputy City Clerk	RLI Insurance Company	50,000
Brenda Owens	Deputy City Clerk	RLI Insurance Company	50,000
Pat Gipson	Court Clerk	Zurich **	50,000
Dorene Pendleton	Deputy Court Clerk	Zurich **	50,000
Joey Walker	Police Chief	Zurich **	50,000
Various (8)	Police Officers	Zurich **	25,000

\*\* These are fidelity bonds.



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

Board of Aldermen  
City of Purvis, 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 statement of cash receipts and disbursements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Purvis, Mississippi, for the year ended September 30, 2021, and the related notes to the financial statement, and have issued our report thereon dated June 3, 2022.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing 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 the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we

did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings as Finding 2021-001 that we consider to be a significant deficiency.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City'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 financial statements. 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as Finding 2021-001.

### **City's Response to Findings**

The City's response to the finding identified in our audit is described in the accompanying schedule of findings. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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.

CARR, RIGGS & INGRAM, LLC

A handwritten signature in black ink that reads "Carr, Riggs & Ingram, L.L.C." in a cursive script.

Laurel, Mississippi  
June 3, 2022



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

Board of Aldermen  
City of Purvis, Mississippi

We have audited the statement of cash receipts and disbursements of the City of Purvis, Mississippi (the "City") for the year ended September 30, 2021, and have issued our report thereon dated June 3, 2022. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

As required by the state legal compliance audit program prescribed by the Office of the State Auditor, we performed tests of compliance with certain provisions of state laws and regulations. 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 an instance of noncompliance with state budgetary laws and regulations. See Finding 2021-001 in the accompany schedule of findings.

This report is intended for the information and use of the City's management and the State of Mississippi 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.

CARR, RIGGS & INGRAM, LLC

*Carr, Riggs & Ingram, L.L.C.*

Laurel, Mississippi  
June 3, 2022

**Finding 2021-001 Budget**

**Criteria:** In accordance with Section 21-35-15, expenditures shall not exceed budget estimates, measured at the lowest level adopted in the budget, except for capital outlay, election expenses and payment of emergency warrants.

**Condition:** Our procedures disclosed expenditures exceeded appropriations by \$264 in the general government function for the General Fund, \$306 in the public safety function for the General Fund, and \$30,569 for transfers out in the General Fund.

**Cause:** The transfer out in the General Fund is related to the City's monthly sales tax payments that are deducted by the Mississippi Department of Revenue (MDOR) to pay monthly principal and interest payments for the City's state revolving fund (SRF) loans issued on behalf of the City. The City has not been budgeting or recording the receipt of the sales tax proceeds or debt service payments since MDOR is performing this administrative function. The other budget variances were due to unexpected expenditures at year-end.

**Effect:** The effect of not budgeting and not recording the sales tax proceeds and debt service payments is understating cash receipts and cash disbursements in the City's financial statement; however, an audit adjustment has been recorded to correct this.

**Recommendation:** We recommend that the City develop a budget to incorporate the receipt of the sales tax proceeds and transfer out in the General Fund budget, transfer in into the Water and Sewer Fund, as well as record the required accounting entries. We also recommend that the City continue to monitor the budget throughout the entire year, and amend the budget as necessary.

**Management's Response:** We agree with the finding and will incorporate these changes in the next fiscal year.