



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 NEW AUGUSTA, MISSISSIPPI**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

**TOWN OF NEW AUGUSTA, MISSISSIPPI**  
**TABLE OF CONTENTS**

	<u>PAGE</u>
<b>Independent Auditors' Report</b>	3
<b>Statement of Cash Receipts and Disbursement – Entity-Wide</b>	5
<b>Statement of Cash Receipts and Disbursements – Governmental and Enterprise Funds</b>	6
<b>Notes to Financial Statements</b>	8
<b>Required Supplementary Information</b>	
<b>Budgetary Comparison Schedule – General Fund</b>	14
<b>Budgetary Comparison Schedule – Water and Sewer</b>	15
<b>Other Supplementary Information</b>	
<b>Schedule of Investments</b>	16
<b>Schedule of Capital Assets</b>	17
<b>Schedule of Long-Term Debt</b>	18
<b>Schedule of Surety Bonds of Municipal Officials</b>	19
<b>Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Basic Financial Statements Performed in Accordance with <u>Government Auditing Standards</u></b>	21
<b>Report on Compliance with State Laws and Regulations</b>	24
<b>Schedule of Findings &amp; Responses</b>	26

*American Institute of  
Certified Public  
Accountants*

**King CPA, PLLC**  
206 E Central Ave. P.O. Box 1182  
Petal, MS 39465  
Telephone 601-544-9795....Fax 601-544-9793

*Mississippi Society of  
Certified Public  
Accountants*

---

**INDEPENDENT AUDITOR'S REPORT**

To the Honorable Mayor and Board of Aldermen  
Town of New Augusta  
New Augusta, Mississippi

We have audited the accompanying cash basis financial statements of the governmental activities, the business-type activities, and each major fund of the Town of New Augusta, Mississippi, as of and for the year ended September 30, 2019, 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 the basis of accounting, as described in Note 1 of the financial statements; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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. 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.

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business-type activities, and each major fund of the Town of New Augusta, Mississippi, as of September 30, 2019, and the respective changes in cash basis financial position for the year then ended in accordance with the cash basis of accounting described in Note 1.

## **Other Matters**

### *Management's Discussion and Analysis*

The Town of New Augusta, Mississippi has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

### *Required Supplemental Information*

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison – General Fund and Budgetary Comparison – Water and Sewer Fund, on pages 14 and 15, which are the responsibility of management, are presented for purposes of additional analysis 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 Supplemental Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of New Augusta, Mississippi's basic financial statements. The Schedule of Investments, Schedule of Capital Assets, Schedule of Long-Term Debt, and Schedule of Surety Bonds of Municipal Officials, on pages 16, 17, 18, and 19, are presented for purposes of additional analysis and are not a required part of the basic financial statements. These schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These schedules 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.



**KING CPA, PLLC**  
October 30, 2020

**TOWN OF NEW AUGUSTA**  
**Statement of Cash Receipts and Disbursements**  
**Entity-Wide**  
**For the Year Ended September 30, 2019**

Functions/Programs	Program Receipts				Net Cash Excess (Deficit)		
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 125,612	\$ 16,199	\$ 5,000	\$ 41,225	\$ (63,188)		\$ (63,188)
Court	52,773	9,342			(43,432)		(43,432)
Public safety-police	99,115				(99,115)		(99,115)
Public safety-fire	18,337	26,907			8,570		8,570
Public works-street	38,752				(38,752)		(38,752)
Culture & recreation-library	2,883				(2,883)		(2,883)
Culture & recreation-park	12,774				(12,774)		(12,774)
Interest/charges on long-term debt	1,708	-	-	-	(1,708)		(1,708)
Total governmental activities	<u>351,954</u>	<u>52,447</u>	<u>5,000</u>	<u>41,225</u>	<u>(253,282)</u>		<u>(253,282)</u>
Business-type activities							
Water & sewer	<u>276,592</u>	<u>197,232</u>	<u>-</u>	<u>-</u>		<u>(79,360)</u>	<u>(79,360)</u>
Total business-type activities	<u>276,592</u>	<u>197,232</u>	<u>-</u>	<u>-</u>		<u>(79,360)</u>	<u>(79,360)</u>
Total	<u>\$ 628,546</u>	<u>\$ 249,679</u>	<u>\$ 5,000</u>	<u>\$ 41,225</u>	<u>(253,282)</u>	<u>(79,360)</u>	<u>(332,642)</u>
General receipts							
Property taxes					107,897	-	107,897
Sales taxes					138,220	-	138,220
Franchise taxes					26,334	-	26,334
Interfund transfers					(41,455)	43,177	1,722
Other					15,114	18,950	34,063
Unrestricted investment earnings					<u>563</u>	<u>31</u>	<u>594</u>
Total general receipts, transfers and special items					<u>246,672</u>	<u>62,158</u>	<u>308,830</u>
Change in Net Position (Cash)					(6,609)	(17,203)	(23,812)
Net Position (Cash) - beginning					<u>229,823</u>	<u>56,132</u>	<u>285,955</u>
Net Position (Cash) - ending					<u>\$ 223,214</u>	<u>\$ 38,929</u>	<u>\$ 262,143</u>
Restricted					\$ 2,022	\$ 16,222	\$ 34,466
Unrestricted					<u>221,192</u>	<u>22,707</u>	<u>227,677</u>
Total Net Assets					<u>\$ 223,214</u>	<u>\$ 38,929</u>	<u>\$ 262,143</u>

See accompanying notes and independent auditors' report.

**TOWN OF NEW AUGUSTA**  
**Statement of Cash Receipts and Disbursements**  
**Governmental and Enterprise Funds**  
**For the Year Ended September 30, 2019**

	Governmental Funds General	Enterprise Funds Water & Sewer	Total All Funds
<b>RECEIPTS:</b>			
General property taxes, penalties & interest	\$ 107,897	\$ -	\$ 107,897
franchise taxes, licenses and permits	26,334	-	26,334
State shared revenue:			
Sales tax	138,220	-	138,220
Homestead exemption	7,500	-	7,500
Fire	11,720	-	11,720
CDBG Grant	41,225	-	41,225
Other state revenue	8,699	-	8,699
County shared revenue:			
Fire	15,187	-	15,187
Other county revenue	5,000	-	5,000
Charges for services: water utility		197,232	197,232
Fines and forfeits:	9,342	-	9,342
Interest on investments	563	31	594
Fire donations	-	5,722	5,722
Customer deposits received	-	1,535	1,535
Sales Tax Collected	-	3,521	3,521
Other local receipts	15,114	8,172	23,286
<b>Total receipts</b>	<u>386,800</u>	<u>216,213</u>	<u>603,013</u>
<b>DISBURSEMENTS:</b>			
General government	125,612	-	125,612
Court	52,773	-	52,773
Police	99,115	-	99,115
Fire	18,337	-	18,337
Public works - street	40,460	-	40,460
Library	2,883	-	2,883
Park	12,774	-	12,774
Enterprises:			
Water utility operations	-	229,804	229,804
Customer deposits refunded	-	760	760
Sales Tax Paid	-	3,453	3,453
Water capital outlay (grant)	-	42,575	42,575
<b>Total operating disbursements</b>	<u>351,954</u>	<u>276,592</u>	<u>628,546</u>
Excess (deficiency) of receipts over disbursements	<u>34,846</u>	<u>(60,380)</u>	<u>(25,534)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in (out)	(41,225)	41,225	-
Other Interfund	(230)	1,952	1,722
Total other financing resources (uses)	<u>(41,455)</u>	<u>43,177</u>	<u>1,722</u>
<b>Cash basis fund balance - beginning</b>	<u>229,823</u>	<u>56,132</u>	<u>285,955</u>
<b>Cash basis fund balance - ending</b>	<u>\$ 223,214</u>	<u>\$ 38,929</u>	<u>\$ 262,143</u>
<b>Restricted</b>	2,022	16,222	18,244
<b>Assigned</b>	49,254	-	49,254
<b>Unassigned</b>	171,938	22,707	194,645
<b>Total cash basis fund balance</b>	<u>\$ 223,214</u>	<u>\$ 38,929</u>	<u>\$ 262,143</u>

*See accompanying notes and independent auditors' report.*



**NOTES TO THE FINANCIAL STATEMENTS**

**TOWN OF NEW AUGUSTA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

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

**General Information**

The Town of New Augusta operates under a Mayor-Alderman form of government and provides the following services:

- General Government
- Court
- Public Safety – Police
- Public Safety – Fire
- Public Works - Street
- Parks and Library
- Water and Sewer Utility

**Financial Reporting Entity**

For financial reporting purposes, the reporting entity includes all funds that are covered by the oversight responsibility of the town's board of aldermen. In evaluating how to define the Town for financial reporting purpose, 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 GAAP. The basic-but not the only-criteria for including a potential component unit within 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 the governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. Based upon the application of these criteria, the following is a brief review of each potential component unit addressed in defining the Town's reporting entity.

Excluded from the reporting entity:

- Town of New Augusta Volunteer Fire Department

The Town has no authority or control over the Volunteer Fire Department's budget or operations.

**Basis of Accounting**

The Combined Statement of Cash Receipts and Disbursements – All Funds are prepared on the cash receipts and disbursements basis of accounting. In this basis of accounting, revenues are recognized when received and expenditures are recognized when legally charged to the current budget (cash basis plus thirty days)

**Account Classifications**

The account classifications used in the financial statements are in accordance with the classifications required by the Mississippi State Department of Audit.

**Fund Accounting**

The accounts of the Town of New Augusta 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. Town resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped into generic fund types and broad categories as follows:

**TOWN OF NEW AUGUSTA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**GOVERNMENTAL FUNDS**

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

**PROPRIETARY FUNDS**

Enterprise Funds – Enterprise Funds are 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 and expenses of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has 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.

**Budgets**

The budget is prepared on the cash basis as legally required by statute. The budget is adopted by the Board of Aldermen and filed with the taxing authority. Amendments can be made on the approval of the Board of Aldermen. By statute, final budget and tax levy must be adopted on or before September 15 for the following fiscal year.

**Investments**

The town is allowed, by statute, to invest excess funds in any bonds or other direct obligations of the United States of America or the State of Mississippi, or of any county or municipality of this state, when such county or municipal bonds have been properly approved; or in interest-bearing time certificates of deposit or interest-bearing accounts with any financial institution approved for the deposit of state funds; or in any type of investment permitted by Sections 27-105-33(d) and 27-105-33(e), Miss. Code Ann. (1972).

For reporting purposes, certificates of deposit with an original maturity date of more than three months are considered investments.

**Property Tax Revenue**

Property taxes are assessed by the Town on a calendar year basis. For 2018, the Town requested 32.25 mils for general revenues and 0.25 mils for the fire department. Property taxes are considered delinquent February 1 and a tax sale is held in August for unpaid taxes. Property Tax revenue is recognized when collected, due to the uncertainty of collecting property taxes after September 30.

**NOTE 2 - CASH AND CASH EQUIVALENTS**

The Town must advertise and accept bids for depositories no less than once every two years as required by Section 27-105-363 Miss. Code Ann. (1972). The collateral pledged for the Town's deposits in 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, Miss. Code Ann. (1972). 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 those 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 Deposit Insurance Corporation.

**TOWN OF NEW AUGUSTA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**NOTE 2 - CASH AND CASH EQUIVALENTS (continued)**

Cash and Cash Equivalents

The carrying amount of the municipality's deposits with financial institutions reported in the governmental funds and business-type activities was \$223,214 and \$38,929, respectively. The bank balance was \$246,823 for governmental funds and \$42,788 for business-type activities.

**Custodial Credit Risk - Deposits.** Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the district will not be able to recover deposits or collateral securities that are in the possession of an outside party. The district does not have a deposit policy for custodial credit risk. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the Mississippi State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the district. As of September 30, 2019, none of the district's bank balance was exposed to custodial credit risk.

**NOTE 3 – CAPITAL ASSETS**

Capital assets, which include property, plant, equipment, and infrastructure are reported in the Schedule of Capital Assets included in Other Supplemental Information. Capital assets, other than infrastructure assets, are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated life in excess of two years. The capitalization threshold for buildings and improvements other than buildings is \$50,000 and \$25,000, respectively. The government reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported regardless of their amount.

**NOTE 4 – BONDS PAYABLE**

Presented below is Section 21-33-303 Mississippi Code:

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 ending 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 percent (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 are levied for its fiscal year ending September 30, 1984, whichever is greater. Nothing herein contained shall be construed to apply to contract obligations in any form heretofore or hereafter incurred by any municipality which are subject to annual appropriations therefore, or to bonds heretofore issued by any municipality for school purposes, or to contract obligations in any form heretofore or hereafter incurred by any municipality which are payable exclusively from the revenues of any municipally- owned utility, or to bonds issued by any municipality under the provisions of Section 57-1-1 through 57-1-51, or to any special assessment improvement bonds issued by any municipality under the provisions of Sections 21-41-1 through 21-41-53, or to any indebtedness incurred under Section 55-23-8.

**TOWN OF NEW AUGUSTA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**NOTE 4 – BONDS PAYABLE (Continued)**

The following is a schedule of limitations on the indebtedness of the Town at September 30, 2019:

<u>Authorized Debt Limit</u>		<u>15 Percent</u>	<u>20 Percent</u>
Assessed valuation of fiscal year ended September 30, 2019	\$ 3,587,141	\$ 538,071	\$ 717,428
Present debt subject to 15% limitation		-	-
Present debt subject to 20% limitation including debt subject to 15% limitation		-	(65,129)
Margin for further debt under respective debt limits		<u>\$ 538,071</u>	<u>\$ 652,299</u>

**NOTE 5 – DEFINED BENEFIT PENSION PLAN**

Plan Description: The Town of New Augusta, Mississippi contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state law and 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 information may be obtained by writing to Public Employee Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201 or by calling (601)359-3589 or 1-800-444-PERS.

Funding Policy: PERS members are required to contribute 9.00% of their annual covered salary and the Town of New Augusta is required to contribute at an actuarial determined rate. The current rate is 17.40% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The Town's contributions to PERS for the years ending September 30, 2019, 2018, and 2017, were \$37,892, \$34,584, and \$37,559, respectively, which equaled the required contributions for each year.

**NOTE 6 – RISK MANAGEMENT**

The Town of New Augusta 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 Town participates in two separate risk pools to provide coverage for possible losses due to these risks. These pools are described below:

A. Mississippi Municipal Workers' Compensation Group

This pool was formed under the Mississippi Workers' Compensation Act to provide coverage for claims arising from injuries to employees. The Town is jointly and severally liable for obligations of the group.

**TOWN OF NEW AUGUSTA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**NOTE 6 – RISK MANAGEMENT (continued)**

B. Mississippi Municipal Liability Plan

This pool was formed under inter-local agreements for the purpose of providing the liability coverage prescribed by the Plan for the member municipalities. The pool uses a “service company” to manage the plan’s day to day activities.

The Town of New Augusta pays premiums based upon an actuarial assessment of the Town’s loss experience rate and the plans overall financial condition. The Town may be assessed if, at any time, the assets of the plan, in the opinion of the Board of Trustees, are insufficient to discharge its obligations.

**NOTE 7 – COMMITMENTS, CONTINGENCIES AND LITIGATION**

A. Compensated Absences

Upon termination employees are paid for accumulated vacation at their regular rate of pay.

As of September 30, 2019 the Town of New Augusta’s liability for compensated absences is approximately \$7,573 based on 425 accumulated vacation hours.

B. Net Pension Liability

As of September 30, 2019, the Town of New Augusta’s share of the total net pension liability is approximately \$642,811 based on proportionate share of 0.003654%.

**NOTE 8 – SUBSEQUENT EVENTS**

Management has considered subsequent events through October 30, 2020, the date of the financial statements were available to be issued, and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements:

On March 11, 2020 the World Health Organization declared Covid-19 a pandemic. In response, the United States has caused business disruption through mandated and voluntary restrictions on various businesses and activities. While the disruption is currently expected to be temporary, there is considerable uncertainty regarding the duration of these restrictions. The Town has experienced a disruption in its operations. However, the long-term financial impact and duration cannot be reasonably estimated at this time. Management believes reserves are sufficient for the short-term.

## **SUPPLEMENTAL INFORMATION**

**TOWN OF NEW AUGUSTA**  
**Budgetary Comparison Schedule – General Fund**  
**For the Year Ended September 30, 2019**

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
RECEIPTS					
Property taxes	\$ 110,000	\$ 110,000	\$ 107,897	\$ -	\$ (2,103)
License and permits	32,600	32,600	33,786	-	1,186
Intergovernmental revenues	157,100	157,100	172,676	-	15,576
Fines and forfeitures	12,000	12,000	9,342	-	(2,659)
CDBG Grant	-	-	41,225	-	41,225
Miscellaneous	28,400	28,400	19,022	-	(9,378)
TOTAL RECEIPTS	340,100	340,100	383,948	-	43,848
EXPENDITURES					
General government	129,050	129,050	166,837	-	(37,787)
Court	45,900	45,900	52,773	-	(6,873)
Public safety-police	112,950	112,950	99,115	-	13,835
Public safety-fire	26,000	26,000	18,337	-	7,663
Public works-street	40,000	40,000	40,460	-	(460)
Parks	11,000	11,000	12,774	-	(1,774)
Library	3,700	3,700	2,883	-	817
TOTAL EXPENDITURES	368,600	368,600	393,179	-	(24,579)
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(28,500)	(28,500)	(9,232)	-	19,269
NET CHANGE IN CASH BALANCE	\$ (28,500)	\$ (28,500)	(9,232)	\$ -	\$ 19,269
Adjustments to Cash Basis					
Revenue			2,852		
Expense			(230)		
NET CHANGE IN CASH BALANCE			2,622		
CASH BALANCE-BEGINNING			229,823		
CASH BALANCE-ENDING			\$ 223,214		

*See accompanying notes and independent auditors' report.*



**TOWN OF NEW AUGUSTA**  
**Budgetary Comparison Schedule – Water and Sewer Fund**  
**For the Year Ended September 30, 2019**

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative)	
	Original	Final		Original	Final
				to Final	to Actual
RECEIPTS					
Charges for services	\$ 190,000	\$ 190,000	\$ 197,231	\$ -	\$ 7,231
Interest	-	-	31	-	31
Miscellaneous	<u>11,000</u>	<u>11,000</u>	<u>47,679</u>	-	<u>36,679</u>
TOTAL RECEIPTS	<u>201,000</u>	<u>201,000</u>	<u>244,941</u>	-	<u>43,941</u>
EXPENDITURES					
Water and Sewer Utility					
Operations	216,500	216,500	229,747	-	(13,247)
Capital outlay	<u>-</u>	<u>-</u>	<u>42,575</u>	-	<u>(42,575)</u>
TOTAL EXPENDITURES	<u>216,500</u>	<u>216,500</u>	<u>272,322</u>	-	<u>(55,822)</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(15,500)	(15,500)	(27,381)	-	(11,881)
NET CHANGE IN CASH BALANCE	<u>\$ (15,500)</u>	<u>\$ (15,500)</u>	(27,381)	<u>\$ -</u>	<u>\$ (11,881)</u>
Adjustments to Cash Basis					
Revenue			14,448		
Expense			<u>(4,270)</u>		
NET CHANGE IN CASH BALANCE			10,178		
CASH BALANCE-BEGINNING			<u>56,132</u>		
CASH BALANCE-ENDING			<u>\$ 38,929</u>		

*See accompanying notes and independent auditors' report.*

**TOWN OF NEW AUGUSTA**  
Schedule of Investments  
For the Year Ended September 30, 2019

<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	0.10%	12 month	Trustmark Bank	\$ 40,090.48
General Fund	Certificate of Deposit	0.10%	12 month	Trustmark Bank	2,022.38
General Fund	Certificate of Deposit	0.45%	18 month	Trustmark Bank	<u>102,121.78</u>
<b>Total Investments</b>					<u><u>\$ 144,234.64</u></u>

*See accompanying notes and independent auditors' report*

**TOWN OF NEW AUGUSTA**  
**Schedule of Capital Assets**  
**For the Year Ended September 30, 2019**

<u><b>Governmental Activities</b></u>	<u>Balance 10/1/2018</u>	<u>Adjustments</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 9/30/2019</u>
Capital assets:					
Land	\$ 18,000	\$ -	\$ -	\$ -	\$ 18,000
Buildings	245,163	-	-	-	245,163
Automobiles	313,262	(25,290)	-	-	287,972
Equipment	301,376	17,938	-	-	319,314
<b>Total Governmental Activities capital assets</b>	<u>\$ 877,801</u>	<u>\$ (7,352)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 870,449</u>
<b>Accumulated Depreciation</b>	<u>448,375</u>	<u>-</u>	<u>38,555</u>	<u>-</u>	<u>\$ 486,930</u>
<b>Total Governmental activities net assets</b>	<u>\$ 429,426</u>	<u>\$ (7,352)</u>	<u>\$ 38,555</u>	<u>\$ -</u>	<u>\$ 383,519</u>
<u><b>Business-type Activities</b></u>					
Capital assets:					
Construction in Progress	\$ -	\$ -	\$ 41,225	\$ -	\$ 41,225
Water and Sewer System	1,756,617	4,135	-	-	1,760,752
Automobiles	28,914	-	-	-	28,914
Equipment	7,550	-	-	-	7,550
<b>Total Business-type activities capital assets</b>	<u>\$ 1,793,081</u>	<u>\$ 4,135</u>	<u>\$ 41,225</u>	<u>\$ -</u>	<u>\$ 1,838,441</u>
<b>Accumulated Depreciation</b>	<u>232,526</u>	<u>-</u>	<u>75,014</u>	<u>-</u>	<u>307,540</u>
<b>Total Business-type activities net assets</b>	<u>\$ 1,560,555</u>	<u>\$ 4,135</u>	<u>\$ 116,239</u>	<u>\$ -</u>	<u>\$ 1,530,901</u>

*See accompanying notes and independent auditors' report*

**TOWN OF NEW AUGUSTA**  
**Schedule of Long-Term Debt**  
**For the Year Ended September 30, 2019**

	BALANCE <u>October 1, 2018</u>	<u>ISSUED</u>	<u>REDEEMED</u>	BALANCE <u>September 30, 2019</u>	INTEREST PAID	TOTAL PAYMENTS
<b>HANCOCK BANK</b>						
LEASE PURCHASE						
\$82,606, 60 MONTHS 2.460%, BEG 7/6/17						
MONTHLY PAYMENT \$799.56	\$ <u>73,016</u>	\$ <u>-</u>	\$ <u>7,887</u>	\$ <u>65,129</u>	\$ <u>1,708</u>	\$ <u>9,595</u>
BALLOON PAYMENT \$42,500 7/7/2022						

*See accompanying notes and independent auditors' report*

**TOWN OF NEW AUGUSTA**  
**Schedule of Surety Bonds for Municipal Officials**  
**For the Year Ended September 30, 2019**

Presented below is Section 21-17-5 of Mississippi Code.

Unless otherwise provided by law, before entering upon the duties of their respective offices, the aldermen of every municipality of this state shall give bond, with sufficient surety, to be payable, conditioned and approved as provided by law, in a penalty equal to five percent (5%) of the sum of all municipal taxes shown by the assessment rolls and the levies to have been collectible in the municipality for the year immediately preceding the commencement of the term of office of said aldermen; however, such bond shall not exceed the amount of One Hundred Thousand Dollars (\$100,000).

<u>NAME</u>	<u>POSITION</u>	<u>BOND AMOUNT</u>	<u>COMPANY</u>	<u>BOND NO.</u>	<u>TERM</u>
Joe Gallaspy	Mayor	\$ 50,000	Old Republic Surety Company	W150290340	7/1/17-6/30/21
Jan Hall	Alderman	\$ 10,000	Old Republic Surety Company	W150290333	7/1/17-6/30/21
Pam Brewer	Alderman	\$ 10,000	Old Republic Surety Company	W150025147	7/1/17-6/30/21
David Gallaspy	Alderman	\$ 10,000	Old Republic Surety Company	W150025152	7/1/17-6/30/21
Roger Jones	Alderman	\$ 10,000	Old Republic Surety Company	W150025153	7/1/17-6/30/21
Steve Spicer	Alderman	\$ 10,000	Old Republic Surety Company	W150025146	7/1/17-6/30/21
Sherry Burns	City Clerk	\$ 50,000	Old Republic Surety Company	LPO-2104317	INDEFINITE
	Deputy Court Clerk	\$ 50,000	Old Republic Surety Company	LPO-2104315	INDEFINITE
Jessica Herring	Deputy City Clerk	\$ 50,000	Old Republic Surety Company	LPO-2107958	INDEFINITE
	Court Clerk	\$ 50,000	Old Republic Surety Company	LPO-2107945	INDEFINITE
Louis Fairley	Police Chief	\$ 50,000	Old Republic Surety Company	W150316824	5/29/19-5/29/20

*See accompanying notes and independent auditors' report*

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

American Institute of  
Certified Public Accountants

# ***King CPA, PLLC***

206 E. Central Ave. P.O. Box 1182  
Petal, MS 39465  
Telephone 601-544-9795....Fax 601-544-9793

Mississippi Society of  
Certified Public Accountants

---

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

To the Honorable Mayor and Board of Aldermen  
Town of New Augusta, 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 and the business-type activities of the Town of New Augusta, Mississippi as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Town of New Augusta, Mississippi's basic financial statements, and have issued our report thereon dated October 30, 2020.

## **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town of New Augusta, 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 the Town of New Augusta, Mississippi's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of New Augusta, 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2019-1 that we consider to be material weaknesses.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of New Augusta, 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.

A handwritten signature in black ink that reads "King CPA, PLLC". The signature is written in a cursive, flowing style.**KING CPA, PLLC**

October 30, 2020



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
WITH STATE LAWS AND REGULATION**

American Institute of  
Certified Public Accountants

# **King CPA, PLLC**

206 E. Central Ave. P.O. Box 1182  
Petal, MS 39465  
Telephone 601-544-9795....Fax 601-544-9793

Mississippi Society of  
Certified Public Accountants

---

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

Honorable Mayor and Board of Aldermen  
Town of New Augusta  
New Augusta, Mississippi

We have audited the basic financial statements of the Town of New Augusta, Mississippi as of and for the year ended September 30, 2019 and have issued our report dated October 30, 2020. We have conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*.

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

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

*King CPA, PLLC*

**KING CPA, PLLC**  
October 30, 2020

## **SCHEDULE OF FINDINGS AND RESPONSES**

**TOWN OF NEW AUGUSTA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

Section 1: Financial Statement Findings

2019-01 – Segregation of duties

*Condition:* Management is responsible for establishing a proper internal control system to ensure strong financial accountability.

*Criteria:* Internal controls should be in place to establish proper segregation of duties.

*Effect:* Without proper segregation of duties, the Town of New Augusta increases the risk that unauthorized or inappropriate transactions could be processed and the Town's personnel would not detect the problem while performing their normal duties.

*Recommendation:* We recommend the Town revise its system of cash receipts/disbursements whereby duties would be divided to the greatest possible extent.

*Response:* We will continue to work to strengthen and improve segregation of duties in a cost efficient manner.