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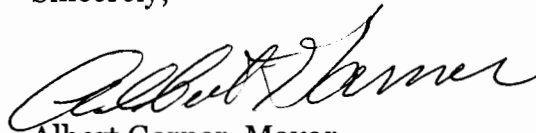
October 5, 2016

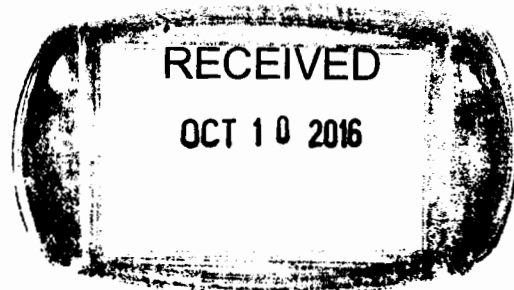
Office of the State Auditor
P.O. Box 956
Jackson, MS 39205

RE: Annual Municipal Audit

Accompanying this letter is a copy of the annual audit of the Town of New Augusta, Mississippi, for the fiscal year ended September 30, 2015. A separate management letter was not written to the town in connection with this audit.

Sincerely,

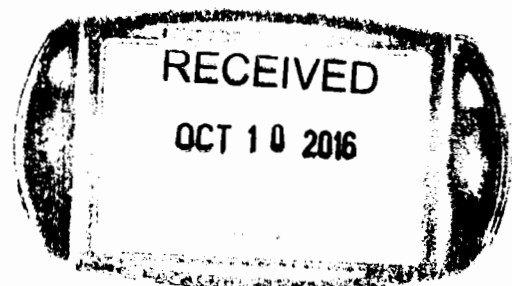

Albert Garner, Mayor



TOWN OF NEW AUGUSTA, MISSISSIPPI

FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2015



TOWN OF NEW AUGUSTA, MISSISSIPPI

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying Statement of Cash Receipts and Disbursements 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, 2015, 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 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 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 from fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 Statement of Cash Receipts and Disbursements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of the Town of New Augusta, Mississippi, as of September 30, 2015, and the revenues it received and expenditures it paid for the year ended, on the basis of accounting described in Note 1.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 17-18 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management 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.



Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 7, 2016, on our consideration of the Town of New Augusta, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 Town of New Augusta's internal control over financial reporting and compliance.

King CPA, PLLC

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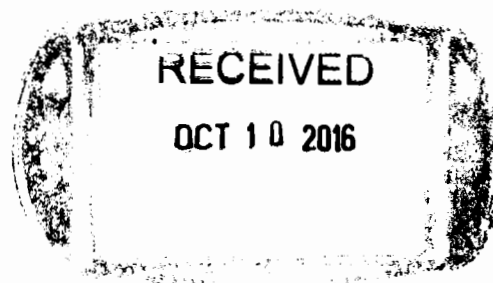
September 7, 2016



TOWN OF NEW AUGUSTA
Statement of Cash Receipts and Disbursements
Governmental and Business-type Activities
For the Year Ended September 30, 2015

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	\$ 139,153	\$ 698	\$ 8,986	\$ -	\$ (129,469)		\$ (129,469)
Court	61,743	50,803	-	-	(10,940)		(10,940)
Public safety-police	128,601	-	-	-	(128,601)		(128,601)
Public safety-fire	19,754	-	18,004	-	(1,750)		(1,750)
Public works-street	26,096	-	-	-	(26,096)		(26,096)
Culture & recreation-library	1,721	-	-	-	(1,721)		(1,721)
Culture & recreation-park	26,736	-	-	-	(26,736)		(26,736)
Redemption of principal	12,660	-	-	-	(12,660)		(12,660)
Interest/charges on long-term debt	1,844	-	-	-	(1,844)		(1,844)
Total governmental activities	<u>418,308</u>	<u>51,501</u>	<u>26,990</u>	<u>-</u>	<u>(339,817)</u>		<u>(339,817)</u>
Business-type activities							
Water & Sewer	606,567	184,772	-	384,959		(36,836)	(36,836)
Total business-type activities	<u>606,567</u>	<u>184,772</u>	<u>-</u>	<u>384,959</u>		<u>(36,836)</u>	<u>(36,836)</u>
Total	<u>\$ 1,024,875</u>	<u>\$ 236,273</u>	<u>\$ 26,990</u>	<u>\$ 384,959</u>	<u>(339,817)</u>	<u>(36,836)</u>	<u>(376,653)</u>
General receipts							
Property taxes					108,366	-	108,366
Sales taxes					163,149	-	163,149
Franchise taxes					35,687	-	35,687
Other receipts not restricted to specific programs					30,119	-	30,119
Unrestricted investment earnings					599	61	660
Total general receipts, transfers and special items					<u>337,920</u>	<u>61</u>	<u>337,981</u>
Change in cash					(1,897)	(36,775)	(38,672)
Cash - beginning, as originally stated					334,234	119,965	454,199
Cash - ending					<u>\$ 332,337</u>	<u>\$ 83,190</u>	<u>\$ 415,527</u>

See accompanying notes and independent auditors' report.





TOWN OF NEW AUGUSTA
Statement of Cash Receipts and Disbursements
Governmental and Proprietary Funds
For the Year Ended September 30, 2015

	Governmental Funds General Fund	Proprietary Funds Water & Sewer Fund	Total All Funds	Total All Funds (2014)
RECEIPTS:				
General Property Taxes, Penalties & Interest	\$ 108,366	\$ -	\$ 108,366	\$ 102,203
Franchise Taxes, Licenses and Permits	36,460		36,460	35,373
State Shared Revenue:				
Sales Tax	163,149		163,149	172,775
Other State Revenue	11,830		11,830	17,570
Grant Revenue	-	384,959	384,959	
County Shared Revenue:				
Other County Revenue	21,421		21,421	7,275
Charges for Services: Water Utility		184,772	184,772	211,876
Fines and Forfeits:	50,803		50,803	19,427
Interest on Investments	599	61	660	847
Other Local Receipts	23,783	-	23,783	72,746
Total Receipts	<u>416,411</u>	<u>569,792</u>	<u>986,203</u>	<u>640,092</u>
DISBURSEMENTS:				
General Government	139,153		139,153	130,521
Court	61,743		61,743	48,553
Police	128,601		128,601	134,828
Fire	19,754		19,754	21,376
Public Works - Street	26,096		26,096	59,277
Library	1,721		1,721	2,551
Park	26,736		26,736	27,013
Enterprises:				
Water Utility Operations		221,608	221,608	145,147
Water Utility Capital Outlay		384,959	384,959	21,901
Redemption of Principal	12,660	-	12,660	25,186
Debt Service Interest	1,844	-	1,844	2,472
Total Operating Disbursements	<u>418,308</u>	<u>606,567</u>	<u>1,024,875</u>	<u>618,825</u>
Excess (Deficiency) of receipts over disbursements	<u>(1,897)</u>	<u>(36,775)</u>	<u>(38,672)</u>	<u>21,267</u>
Cash Basis Fund Balance - Beginning	<u>334,234</u>	<u>119,965</u>	<u>454,199</u>	<u>434,206</u>
Cash Basis Fund Balance - Ending	<u>\$ 332,337</u>	<u>\$ 83,190</u>	<u>\$ 415,527</u>	<u>\$ 454,199</u>

See accompanying notes and independent auditors' report.



NOTES TO THE FINANCIAL STATEMENTS



TOWN OF NEW AUGUSTA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

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 is prepared on the cash receipts and disbursements basis of accounting as prescribed by the Office of State Auditor. Consequently, revenues are recognized when received and expenditures are recognized when legally charged to the current budget (cash basis plus thirty days)



TOWN OF NEW AUGUSTA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

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:

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.



TOWN OF NEW AUGUSTA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

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. 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.

Accumulated Unpaid Vacation and Sick Pay

The Town of New Augusta's personnel policy provides employees accrue vacation and sick leave based on years of service calculated as of the anniversary date of hire. Vacation leave accrues as follows with a maximum accumulation of 160 hours.

- 1 year of service – 40 hours of annual vacation leave.
- 2 to 9 years of service – 80 hours of annual vacation leave.
- 10 years or more of service – 120 hours of annual vacation leave.

Sick leave accrues at 64 hours per year with a maximum accumulation of 480 hours.

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

NOTE 2 - CASH AND CASH EQUIVALENTS

The collateral for public entities' deposits in financial institutions are held in the name of the State Treasurer under a program established 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 Depository Insurance Corporation.

TOWN OF NEW AUGUSTA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 2 - CASH AND CASH EQUIVALENTS (continued)

The carrying amount of the town's deposits with financial institutions was \$450,830, and the bank balance was \$622,154.

NOTE 3 - CAPITAL ASSETS

Capital assets, which include property, plant, equipment, and infrastructure (e.g. roads, bridges, sidewalks, drainage systems, and similar items) 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 (amount not rounded) 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



TOWN OF NEW AUGUSTA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 4 – BONDS PAYABLE (continued)

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.

The following is a schedule of limitations on the indebtedness of the Town at September 30, 2015:

<u>Authorized Debt Limit</u>	<u>15 Percent</u>	<u>20 Percent</u>
Assessed valuation of fiscal year ended September 30, 2015	\$ 536,943	\$ 715,924
	\$ 3,579,620	
Present debt subject to 15% limitation	(52,487)	-
Present debt subject to 20% limitation including debt subject to 15% limitation	-	(52,487)
Margin for further debt under respective debt limits	<u>\$ 484,456</u>	<u>\$ 663,437</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 15.75% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The Town's contributions to PERS for the years ending September 30, 2015, 2014, and 2013, were \$40,410, \$38,513 and \$33,730, respectively, which equaled the required contributions for each year.



TOWN OF NEW AUGUSTA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

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.

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

As of September 30, 2015 the Town of New Augusta's liability for compensated absences is approximately \$31,814 based on 1,763 accumulated hours.

B. Siren Grant

As of September 30, 2015, the Town of New Augusta had finished the installation of the tornado grant, but payment had not been received or payment had not been disbursed in the amount of \$43,000.

C. Net Pension Liability

As of September 30, 2015, the Town of New Augusta's net pension liability is approximately \$618,321 based on proportionate share of 0.004098%.

RECEIVED

OCT 10 2016

***TOWN OF NEW AUGUSTA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015***

NOTE 8 – SUBSEQUENT EVENTS

Management has considered subsequent events through September 7, 2016, the date 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:

The Town of New Augusta is applying for a CDBG grant for upcoming sewer projects in the amount of approximately \$550,000.



OTHER SUPPLEMENTARY INFORMATION



TOWN OF NEW AUGUSTA
Budgetary Comparison Schedule
For the Year Ended September 30, 2015

General Fund

SCHEDULE 1A

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative)	
	Original	Final		Original	Final
				to Final	to Actual
RECEIPTS					
Property taxes	\$ 120,000	\$ 120,000	\$ 108,366	\$ -	\$ (11,634)
License and permits	38,000	38,000	36,460	-	(1,540)
Intergovernmental revenues	209,000	209,000	190,137	-	(18,863)
Fines and forfeitures	18,000	18,000	50,803	-	32,803
Miscellaneous	200	200	30,645	-	30,445
TOTAL RECEIPTS	<u>385,200</u>	<u>385,200</u>	<u>416,411</u>	<u>-</u>	<u>31,211</u>
EXPENDITURES					
General government	149,050	149,050	139,153	-	9,897
Court	39,700	39,700	61,743	-	(22,043)
Public safety-police	152,350	152,350	136,018	-	16,332
Public safety-fire	34,800	34,800	19,754	-	15,046
Public works-street	47,800	47,800	33,181	-	14,619
Parks	25,600	25,600	26,736	-	(1,136)
Library	3,300	3,300	1,721	-	1,579
TOTAL EXPENDITURES	<u>452,600</u>	<u>452,600</u>	<u>418,306</u>	<u>-</u>	<u>34,294</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS					
	(67,400)	(67,400)	(1,895)	-	65,505
NET CHANGE IN CASH BALANCE	<u>\$ (67,400)</u>	<u>\$ (67,400)</u>	<u>(1,895)</u>	<u>\$ -</u>	<u>\$ 65,505</u>
CASH BALANCE-BEGINNING			<u>332,230</u>		
CASH BALANCE-ENDING			\$ 330,335		

See accompanying notes and independent auditors' report.

TOWN OF NEW AUGUSTA
Budgetary Comparison Schedule
For the Year Ended September 30, 2015

Water and Sewer Fund

SCHEDULE 1B

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative)	
	Original	Final		Original	Final
				to Final	to Actual
RECEIPTS					
Charges for services	\$ 185,000	\$ 185,000	\$ 184,772	\$ -	\$ (228)
Grant	-	-	384,959	-	384,959
Miscellaneous	<u>15,000</u>	<u>15,000</u>	<u>61</u>	<u>-</u>	<u>(14,939)</u>
TOTAL RECEIPTS	<u>200,000</u>	<u>200,000</u>	<u>569,792</u>	<u>-</u>	<u>369,792</u>
EXPENDITURES					
Water and Sewer Utility					
Operations	179,950	179,950	221,608	-	(41,658)
Capital outlay	<u>21,000</u>	<u>21,000</u>	<u>384,959</u>	<u>-</u>	<u>(363,959)</u>
TOTAL EXPENDITURES	<u>200,950</u>	<u>200,950</u>	<u>606,567</u>	<u>-</u>	<u>(405,617)</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(950)	(950)	(36,775)	-	(35,825)
NET CHANGE IN CASH BALANCE	<u>\$ (950)</u>	<u>\$ (950)</u>	<u>(36,775)</u>	<u>\$ -</u>	<u>\$ (35,825)</u>
CASH BALANCE-BEGINNING			<u>158,498</u>		
CASH BALANCE-ENDING			<u>\$ 121,723</u>		

See accompanying notes and independent auditors' report.

TOWN OF NEW AUGUSTA
Schedule of Investments
For the Year Ended September 30, 2015

<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	\$ 30,609.96
General Fund	Certificate of Deposit	0.10%	12 month	Trustmark Bank	2,010.28
General Fund	Certificate of Deposit	0.45%	18 month	Trustmark Bank	<u>100,318.58</u>
Total Investments					\$ 132,938.82

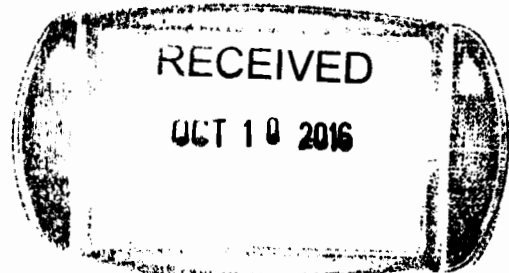
See accompanying notes and independent auditors' report.



TOWN OF NEW AUGUSTA
Schedule of Capital Assets
For the Year Ended September 30, 2015

<u>Governmental Activities</u>	<u>Balance 10/1/2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 9/30/2015</u>
Capital assets:				
Land	\$ 18,000	-	-	18,000
Buildings	221,563	7,000	-	228,563
Automobiles	313,262	-	-	313,262
Equipment	223,807	-	-	223,807
Total Governmental Activities capital assets	\$ 776,632	\$ 7,000	\$ -	\$ 783,632
 <u>Business-type Activities</u>				
Capital assets:				
Water and Sewer System	\$ 800,579	\$ 384,959	\$ -	1,185,538
Automobiles	28,914	-	-	28,914
Equipment	7,550	-	-	7,550
Total Business-type activities capital assets	\$ 837,043	\$ 384,959	\$ -	\$ 1,222,002

See accompanying notes and independent auditors' report.



TOWN OF NEW AUGUSTA
Schedule of Long-Term Debt
For the Year Ended September 30, 2015

	<u>BALANCE</u> <u>October 1, 2014</u>	<u>ISSUED</u>	<u>REDEEMED</u>	<u>BALANCE</u> <u>September 30, 2015</u>	<u>INTEREST</u> <u>PAID</u>
HANCOCK BANK					
LEASE PURCHASE					
\$74,259.00, 60 MONTHS, 2.13%, BEG 4/29/12					
MONTHLY PAYMENT \$611.43	\$ 58,481.31	\$ -	\$ 5,993.72	\$ 52,487.59	\$ 1,092.01
TRUSTMARK NATIONAL BANK					
LEASE PURCHASE					
\$27,157, 50 MONTHS, 2.5%, BEG 11/1/2013					
MONTHLY PAYMENT \$593.17	\$ 21,101.27	\$ -	\$ 6,666.48	\$ 14,434.79	\$ 751.49
	<u>\$ 79,582.58</u>	<u>\$ -</u>	<u>\$ 12,660.20</u>	<u>\$ 66,922.38</u>	<u>\$ 1,843.50</u>

See accompanying notes and independent auditors' report.



TOWN OF NEW AUGUSTA
Schedule of Surety Bonds of Municipal Officials
For the Year Ended September 30, 2015

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>
James Benefield	Alderman	\$ 10,000	Old Republic Surety Company	W150025151	7/1/13 - 7/1/17
Roger Jones	Alderman	\$ 10,000	Old Republic Surety Company	W150025153	7/1/13 - 7/1/17
W. David Gallaspy	Alderman	\$ 10,000	Old Republic Surety Company	W150025152	7/1/13 - 7/1/17
Pam Brewer	Alderman	\$ 10,000	Old Republic Surety Company	W150025147	7/1/13 - 7/1/17
Steve Spicer	Alderman	\$ 10,000	Old Republic Surety Company	W150025146	7/1/13 - 7/1/17
Sherry McLendon	City Clerk	\$ 50,000	Old Republic Surety Company	2104317	INDEFINITE
Sherry McLendon	Deputy Court Clerk	\$ 50,000	Old Republic Surety Company	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
Albert Garner	Mayor	\$ 50,000	Old Republic Surety Company	2099222	7/1/13 - 7/1/17

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***

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OCT 10 2016

American Institute of
Certified Public Accountants

King CPA, PLLC

Mississippi Society of
Certified Public Accountants

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

**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***

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, 2015, and the related notes to the financial statements, which collectively comprise the Town of New Augusta's basic financial statements and have issued our report thereon dated September 7, 2016.

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's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be a material weakness.

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 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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be a material weakness. (2015-01)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of New Augusta, Mississippi's statements are free of 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 *Governmental Auditing Standards*.

However, we noted certain immaterial instances of noncompliance or other matters that we reported to management of the Town of New Augusta, Mississippi, in a separate letter dated September 7, 2016.

Town of New Augusta, MS's Response to Findings

Town of New Augusta, MS's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Town of New Augusta'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.

King CPA, PLLC

KING CPA, PLLC
September 7, 2016



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



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

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

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OCT 10 2016

We have audited the financial statements of the Town of New Augusta, Mississippi, as of and for the year ended September 30, 2015, and have issued our report thereon dated September 7, 2016. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*.

As required by the state legal compliance 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 combined statement of cash receipts and disbursements disclosed the following material instance of noncompliance with state laws and regulations. Our finding and recommendation and your response is as follows:

Finding 1 Fixed Assets

Section II of the Municipal Audit and Accounting Guide provides prescribed procedures for accounting for fixed assets. The Town's fixed asset records do not include the date acquired or cost of the assets for depreciation purposes.

Recommendation

We recommend that Town of New Augusta continue to improve and update their accounting for fixed assets as it is prescribed in the Municipal Audit and Accounting Guide.

Town of New Augusta's Response

The Town of New Augusta is currently working on getting their fixed assets subsidiary ledger in order to account for fixed assets.

Compliance with State Laws

Page 2

September 7, 2016

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'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.

King CPA, PLLC

KING CPA, PLLC

September 7, 2016

SCHEDULE OF FINDINGS AND QUESTIONED COSTS



TOWN OF NEW AUGUSTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Section 1: Financial Statement Findings

2015-01 – 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.

