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**CITY OF EUPORA, MISSISSIPPI
EUPORA, MISSISSIPPI
AUDITED FINANCIAL STATEMENT
SEPTEMBER 30, 2017**

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CITY OF EUPORA, MISSISSIPPI
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Independent Auditors' Report

Honorable Mayor and Board of Aldermen
City of Eupora
Eupora, Mississippi

We have audited the accompanying Combined Statement of Cash Receipts and Disbursements of the City of Eupora, Mississippi, as of and for the year ended September 30, 2017, and the related notes to financial statement, as listed in the contents.

Management's Responsibility for the Financial Statement

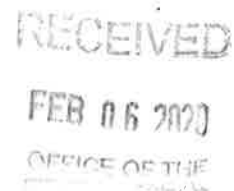
Management is responsible for the preparation and fair presentation of this financial statement in accordance with the cash basis of accounting described in Note 1 of the financial statement; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the 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 a 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 of 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 auditors consider internal control relevant to the City of Eupora, Mississippi'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 City'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 above presents fairly, in all material respects, the respective results of operations – cash basis of the governmental funds and the proprietary fund of the City of Eupora, Mississippi for the year ended September 30, 2017, in accordance with the cash basis of accounting described in Note 1 of the financial statement.

Basis of Accounting

We draw attention to Note 1 of the financial statement, which describes the basis of accounting. The financial statement is 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 Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the Combined Statement of Cash Receipts and Disbursements of the City of Eupora, Mississippi. The schedule of investments, schedule of capital assets, schedule of long-term debt, and schedule of surety bonds for municipal officials are presented for purposes of additional analysis and are not a required part of the Combined Statement of Cash Receipts and Disbursements.

The schedule of investments, schedule of capital assets, schedule of long-term debt, and schedule of surety bonds for municipal officials are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the Combined Statement of Cash Receipts and Disbursements. Such information has been subjected to the auditing procedures applied in the audit of the Combined Statement of Cash Receipts and Disbursements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the Combined Statement of Cash Receipts and Disbursements or to the Combined Statement of Cash Receipts and Disbursements itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of investments, schedule of capital assets, schedule of long-term debt, and schedule of surety bonds for municipal officials, are fairly stated, in all material respects, in relation to the Combined Statement of Cash Receipts and disbursements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2019 on our consideration of the City of Eupora, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of this 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 The City of Eupora, Mississippi's internal control over financial reporting and compliance.

Eupora, Mississippi
December 12, 2019

Watkins Ward and Stafford, PLLC

BASIC FINANCIAL STATEMENT

CITY OF EUPORA, MISSISSIPPI
Combined Statement of Cash Receipts and Disbursements
For the Year Ended September 30, 2017

	GOVERNMENTAL ACTIVITIES			BUSINESS-TYPE ACTIVITIES
	General Fund	Other Nonmajor Funds	Total	Water Fund
RECEIPTS				
Property taxes	\$ 415,374	-	415,374	\$ -
Penalties and interest	3,557	-	3,557	32,481
Licenses and permits	49,677	-	49,677	-
Intergovernmental revenues				
Federal receipts	210,383	5,000	215,383	91,982
General municipal aid	7,824	-	7,824	-
State shared revenues:				
Sales taxes	435,338	-	435,338	-
Motor vehicle tax	76,443	-	76,443	-
Fire protection	13,776	-	13,776	-
Charges for Governmental Services:				
Sanitation	130,078	-	130,078	-
Water and sewer	-	-	-	950,156
Police	295	-	295	-
Recreation	29,768	-	29,768	-
Fines and forfeitures	24,025	-	24,025	-
Special assessments	-	-	-	4,999
Proceeds from debt	-	-	-	-
Miscellaneous receipts	51,084	-	51,084	8,180
Total Receipts	<u>1,447,622</u>	<u>5,000</u>	<u>1,452,622</u>	<u>1,087,798</u>
DISBURSEMENTS				
General government	241,189	-	241,189	-
Public safety	549,708	-	549,708	-
Public works	583,657	-	583,657	-
Culture and recreation	94,567	-	94,567	-
Economic development	-	5,000	5,000	-
Water and sewer	-	-	-	784,884
Interest on debt service	8,599	-	8,599	51,910
Total Disbursements	<u>1,477,720</u>	<u>5,000</u>	<u>1,482,720</u>	<u>836,794</u>
Excess of receipts over (under) disbursements	(30,098)	-	(30,098)	251,004
OTHER CASH SOURCES (USES)				
Redemption of principal	(11,448)	-	(11,448)	(77,825)
Interfund loans and transfers	(4,044)	-	(4,044)	4,044
Total other cash sources (uses)	<u>(15,492)</u>	<u>-</u>	<u>(15,492)</u>	<u>(73,781)</u>
Net changes in fund balances	(45,590)	-	(45,590)	177,223
CASH BASIS FUND BALANCE - Beginning of Year	<u>634,431</u>	<u>53</u>	<u>634,484</u>	<u>772,671</u>
CASH BASIS FUND BALANCE - End of Year	<u>\$ 588,841</u>	<u>53</u>	<u>588,894</u>	<u>\$ 949,894</u>

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

CITY OF EUPORA, MISSISSIPPI
Notes to Financial Statement

Note 1: Summary of Significant Accounting Policies

Reporting Entity

The City of Eupora, Mississippi, was formed in 1889 and now operates under a special charter issued by the State Legislature in 1893. The City of Eupora, Mississippi operates under a Mayor-Board of Aldermen form of government and provides services authorized by its charter.

Fund Accounting

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

Governmental Funds

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

Special Revenue Fund – The Special Revenue Fund is used to account for the proceeds of specific revenue sources that are legally restricted for specific expenditure purposes. The Special Revenue Fund is the Home Project 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 of providing goods or 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. The Proprietary Fund is the Water Fund.

Basis of Accounting

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

CITY OF EUPORA, MISSISSIPPI
Notes to Financial Statement

Note 1: Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of the financial statement in conformity with the cash receipts and disbursements basis, as prescribed by the Office of the State Auditor requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Encumbrances

An encumbrance system is not maintained to account for commitments resulting from approved purchase orders, work orders, and contracts.

Budgets and Budgetary Accounting

The City of Eupora, Mississippi follows these procedures in establishing the budgetary data reflected in the financial statement:

1. Prior to September 15, the City Clerk submits to the Mayor and Board of Aldermen a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them for the General and Proprietary Funds.
2. Public notice is given of the City of Eupora, Mississippi's budget meetings being open to the public, so that a public hearing is conducted on the budget.
3. The budget as submitted is reviewed by the Mayor and Board of Aldermen and necessary revisions are made. Then the budget is approved prior to September 30.
4. The budget is formally revised during July of each year or anytime a deficit is indicated.
5. Budgetary comparisons are employed by management as a management control device during the year for both the General and Proprietary Fund.
6. Appropriations lapse at the end of each fiscal year.

Note 2: Property Taxes

The City of Eupora, Mississippi uses the county tax rolls for the assessment of its ad valorem tax. Property is assessed in January of each year and the tax levy is set in September of each year. Property taxes attach as an enforceable lien on property as of January of the next year and are delinquent after February 1. The millage rate for the City of Eupora, Mississippi for the fiscal year ended September 30, 2017 was 24 mills for general purposes.

CITY OF EUPORA, MISSISSIPPI
Notes to Financial Statement

Note 3: Cash and Cash Equivalents

At the end of the year, the City of Eupora, Mississippi's carrying amount of deposits was \$1,538,788 and the bank balance was \$1,674,329. The collateral for public entities' deposits in financial institutions is now 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 City of Eupora, Mississippi'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.

Custodial Credit Risk – Deposits. Custodial credit risk is a risk that in the event of the failure of a financial institution, the City of Eupora, Mississippi will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City of Eupora, Mississippi does not have a formal policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the City of Eupora, Mississippi. 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 City of Eupora, Mississippi. As of September 30, 2017, none of the City of Eupora, Mississippi's bank balance of \$1,674,329 was exposed to custodial risk.

Note 4: Interfund Transfers

Interfund transfers during the year were as follows:

	<u>General Fund</u>	<u>Water and Sewer Fund</u>
Transfers In	\$ -	\$ 4,044
Transfers Out	(4,044)	-
	<u>\$ (4,044)</u>	<u>\$ 4,044</u>

CITY OF EUPORA, MISSISSIPPI
Notes to Financial Statement

Note 5: Capital Assets

General Fund:

Capital asset additions, retirements, and balances for the General Fund, for the year ended September 30, 2017 were as follows:

	Balance 9/30/16	Additions & Reclassifications	Retirements & Reclassifications	Balance 9/30/17
Land	\$ 585,005	-	-	\$ 585,005
Buildings	2,010,350	-	(3,355)	2,006,995
Equipment	1,350,527	32,551	(253,053)	1,130,025
Infrastructure	2,569,988	164,972	-	2,734,960
Construction in Progress	-	17,469	-	17,469
	<u>\$ 6,515,870</u>	<u>214,992</u>	<u>(256,408)</u>	<u>\$ 6,474,454</u>

Proprietary Fund:

Capital asset additions, retirements, and balances for the Proprietary Fund, for the year ended September 30, 2017 were as follows:

	Balance 9/30/16	Additions & Reclassifications	Retirements & Reclassifications	Balance 9/30/17
Land	\$ 106,399	-	-	\$ 106,399
Machinery and equipment	10,068,722	112,404	(91,834)	10,089,292
Construction in Progress	641,300	37,302	-	678,602
	<u>\$ 10,816,421</u>	<u>149,706</u>	<u>(91,834)</u>	<u>\$ 10,874,293</u>

Note 6: Bonds Payable

General Fund:

The following is a summary of bond payable transactions of the General Fund for the year ended September 30, 2017:

	Balance 9/30/16	Issued	Retired	Balance 9/30/17
USDA G.O. Street Bond	\$ 214,983	-	(11,448)	\$ 203,535

The repayment terms are as follows:

	Interest Rate	Payment	Final Maturity
USDA G.O. Street Bond	4%	Varied annual amounts	2030

CITY OF EUPORA, MISSISSIPPI
Notes to Financial Statement

Note 6: Bonds Payable (Continued)

Future maturities of General Fund bonds payable are as follows:

<u>Year Ended September 30,</u>	<u>Principal</u>
2018	\$ 11,955
2019	12,478
2020	13,024
2021	13,594
2022	14,189
Thereafter	138,295
Total	<u>\$ 203,535</u>

Proprietary Fund:

The following is a summary of bond payable transactions of the Proprietary Fund for the year ended September 30, 2017:

	<u>Balance</u> <u>9/30/16</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>9/30/17</u>
USDA Revenue Bond #9104	\$ 136,759	-	(9,780)	\$ 126,979
USDA Revenue Bond #9106	139,081	-	(8,173)	130,908
USDA Revenue Bond #9205	140,035	-	(9,695)	130,340
USDA Revenue Bond #9212	431,614	-	(9,027)	422,587
USDA Revenue Bond #9118	415,077	-	(9,034)	406,043
	<u>\$ 1,262,566</u>	<u>-</u>	<u>(45,709)</u>	<u>\$ 1,216,857</u>

The repayment terms are as follows:

	<u>Interest</u> <u>Rate</u>	<u>Payment</u>	<u>Final</u> <u>Maturity</u>
USDA Revenue Bond #9104	5.125%	\$1,380 per month	2029
USDA Revenue Bond #9106	5.000%	\$1,245 per month	2031
USDA Revenue Bond #9205	5.000%	\$1,373 per month	2030
USDA Revenue Bond #9212	4.125%	\$26,661 per year	2043
USDA Revenue Bond #9118	3.000%	\$1,780 per month	2046

CITY OF EUPORA, MISSISSIPPI
Notes to Financial Statement

Note 6: Bonds Payable (Continued)

Future maturities of bonds payable are as follows:

<u>Year Ended September 30,</u>	<u>Principal</u>
2018	\$ 47,143
2019	49,287
2020	51,531
2021	53,881
2022	56,342
Thereafter	958,673
Total	<u>\$ 1,216,857</u>

Note 7: Notes Payable

Proprietary Fund:

The following is a summary of notes payable transactions of the Proprietary Fund for the year ended September 30, 2017:

	<u>Balance 9/30/16</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance 9/30/17</u>
Regions Bank - Radio Read Meters	\$ 70,761	-	(32,116)	\$ 38,645

The repayment terms are as follows:

	<u>Interest Rate</u>	<u>Payment</u>	<u>Final Maturity</u>
Regions Bank - Radio Read Meters	2.947%	\$2,811 per month	2019

Future maturities of the note payable are as follows:

<u>Year Ended September 30,</u>	<u>Principal</u>
2018	\$ 33,041
2019	5,604
Total	<u>\$ 38,645</u>

CITY OF EUPORA, MISSISSIPPI
Notes to Financial Statement

Note 8: Economic Dependency

The City of Eupora, Mississippi is a rural community located in North Mississippi. It is dependent on ad valorem taxes and user fees from its residents to remain viable.

Note 9: Report Classifications

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

Note 10: Defined Benefit Pension Plan

Plan Description – The City of Eupora, 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 report may be obtained by writing to Public Employees' Retirement System of Mississippi, PERS Building, 429 Mississippi Street, Jackson, Mississippi 39201, or by calling (601) 349-3589 or 1-800-PERS.

Funding Policy – PERS members are required to contribute 9% of their annual covered salary, and the City of Eupora, Mississippi is required to contribute at an actuarially determined rate. The rate at September 30, 2017 was 15.75% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The City of Eupora, Mississippi's contributions to PERS for the fiscal years ended September 30, 2017, 2016, and 2015 were \$94,514, \$88,770, and \$93,471, respectively, which equaled the required contributions for each year.

Pension Liability – At September 30, 2017, the City of Eupora, Mississippi had a liability of \$1,489,124 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City of Eupora, Mississippi's proportion of the net pension liability was based on a projection of its long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. At June 30, 2017, the City of Eupora, Mississippi's proportion was 0.008958 percent.

Note 11: Risk Management

The City of Eupora, Mississippi 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 of Eupora, Mississippi purchases coverage of risks of loss related to theft of, damage to and destruction of assets from commercial insurance carriers.

CITY OF EUPORA, MISSISSIPPI
Notes to Financial Statement

Note 11: Risk Management (Continued)

Risk of loss related to workers' compensation for injuries to City employees is covered through the Mississippi Municipal Workers' Compensation Group, a public entity risk pool. The pool was formed on March 28, 1989, by the Mississippi Nonprofit Corporation Act, pursuant to Section 71-3-75, Mississippi Code Annotated (1972), to provide public entities within the State of Mississippi workers' compensation and employers' liability coverage. The City of Eupora, Mississippi pays premiums to the pool for its workers' compensation insurance coverage based on total payroll. The participation agreement provides that the pool will be self-sustaining through member premiums. The risk of loss is remote for claims exceeding the pool's retention liability. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims but for which none have been reported are considered. For insured programs, there have been no significant reductions in insurance coverage.

Note 12: Subsequent Events

Events that occur after the Combined Statement of Cash Receipts and Disbursements date but before the financial statement is available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Combined Statement of Cash Receipts and Disbursements date are recognized in the accompanying financial statement. Subsequent events which provide evidence about conditions that existed after the Combined Statement of Cash Receipts and Disbursements date require disclosure in the accompanying notes. Management of the City of Eupora, Mississippi evaluated the activity of the city through December 12, 2019, the date the financial statement was approved by the City of Eupora, Mississippi's management and thereby available to be released, and were aware of no subsequent events have occurred requiring disclosure in the notes to the financial statement.

SUPPLEMENTAL INFORMATION

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CITY OF EUPORA, MISSISSIPPI
Schedule of Investments – All Funds
September 30, 2017

<u>Type</u>	<u>Bank</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Deposit Amount</u>
Certificate of Deposit	CB&S Bank	1/30/2019	0.20%	\$ 275,296
Certificate of Deposit	CB&S Bank	1/30/2019	0.20%	23,676
Certificate of Deposit	Bank of Kilmichael	9/20/2022	1.35%	154,375
Certificate of Deposit	Bank of Kilmichael	9/20/2022	1.35%	<u>14,098</u>
				<u>\$ 467,445</u>

Fund Recap:

General Fund	\$ 192,149
Water and Sewer Fund	<u>275,296</u>
Total	<u>\$ 467,445</u>

CITY OF EUPORA, MISSISSIPPI
Schedule of Capital Assets
September 30, 2017

General Fund:

	Balance 9/30/16	Additions & Reclassifications	Retirements & Reclassifications	Balance 9/30/17
Land	\$ 585,005	-	-	\$ 585,005
Buildings	2,010,350	-	(3,355)	2,006,995
Equipment	1,350,527	32,551	(253,053)	1,130,025
Infrastructure	2,569,988	164,972	-	2,734,960
Construction in Progress	-	17,469	-	17,469
	<u>\$ 6,515,870</u>	<u>214,992</u>	<u>(256,408)</u>	<u>\$ 6,474,454</u>

Proprietary Fund:

	Balance 9/30/16	Additions & Reclassifications	Retirements & Reclassifications	Balance 9/30/17
Land	\$ 106,399	-	-	\$ 106,399
Machinery and equipment	10,068,722	112,404	(91,834)	10,089,292
Construction in Progress	641,300	37,302	-	678,602
	<u>\$ 10,816,421</u>	<u>149,706</u>	<u>(91,834)</u>	<u>\$ 10,874,293</u>

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CITY OF EUPORA, MISSISSIPPI
Schedule of Long-Term Debt
September 30, 2017

	<u>Balance 9/30/16</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 9/30/17</u>
Bonds Payable:				
USDA G.O. Street Bond	\$ 214,983	-	(11,448)	\$ 203,535
USDA Revenue Bond #9104	136,759	-	(9,780)	126,979
USDA Revenue Bond #9106	139,081	-	(8,173)	130,908
USDA Revenue Bond #9118	415,077	-	(9,034)	406,043
USDA Revenue Bond #9205	140,035	-	(9,695)	130,340
USDA Revenue Bond #9212	431,614	-	(9,027)	422,587
Total Bonds Payable	<u>\$ 1,477,549</u>	<u>-</u>	<u>(57,157)</u>	<u>\$ 1,420,392</u>

Notes Payable:

Regions Bank - Radio Read Meters	\$ 70,761	-	(32,116)	\$ 38,645
Total Notes Payable	<u>\$ 70,761</u>	<u>-</u>	<u>(32,116)</u>	<u>\$ 38,645</u>

CITY OF EUPORA, MISSISSIPPI
Schedule of Surety Bonds for Municipal Officials
September 30, 2017

<u>Name</u>	<u>Position</u>	<u>Surety</u>	<u>Bond Amount</u>
Dan Burchfield	Mayor	MS Municipal Bond	\$ 50,000
Gerald Gary	Alderman	MS Municipal Bond	50,000
Robert Gibbs	Alderman	MS Municipal Bond	50,000
Hugh Gibson	Alderman	MS Municipal Bond	50,000
Howard Rumore	Alderman	MS Municipal Bond	50,000
James Shaw	Alderman	MS Municipal Bond	50,000
Gregg Hunter	Chief of Police	Western Surety	50,000
Gail Newton	City Clerk	Western Surety	50,000
Jenny Hatcher	Deputy Clerk	Western Surety	50,000
Kimberly Burgess	Deputy Clerk	Western Surety	50,000
William Bowen	Park Director	Western Surety	50,000

SPECIAL REPORTS



WATKINS, WARD and STAFFORD
Professional Limited Liability Company
Certified Public Accountants

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Harry W. Stevens, CPA	Stephen D. Flake, CPA
S. Keith Winfield, CPA	John N. Russell, CPA
William B. Staggers, CPA	Thomas A. Davis, CPA
Michael W. McCully, CPA	Anita L. Goodrum, CPA
Mort Stroud, CPA	Ricky D. Allen, CPA
R. Steve Sinclair, CPA	Jason D. Brooks, CPA
Marsha L. McDonald, CPA	Robert E. Cordle, Jr., CPA
Wanda S. Holley, CPA	Perry C. Rackley, Jr., CPA
Robin Y. McCormick, CPA/PFS	Jerry L. Gammel, CPA
J. Randy Scrivner, CPA	Michael C. Knox, CPA
Kimberly S. Caskey, CPA	Clifford P. Stewart, CPA
Susan M. Lummus, CPA	

**Independent Auditors' Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statement
Performed in Accordance with *Government Auditing Standards***

Honorable Mayor and Board of Aldermen
City of Eupora
Eupora, 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 statement of the governmental activities, the business-type activities, and the aggregate remaining fund information of the City of Eupora, Mississippi as of and for the year ended September 30, 2017 and the related notes to financial statement, which collectively comprise the City of Eupora, Mississippi's basic financial statement, and have issued our report thereon dated December 12, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the City of Eupora, 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 opinion on the financial statement but not for the purpose of expressing an opinion on the effectiveness of the City of Eupora, Mississippi's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Eupora, 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 City of Eupora, Mississippi's financial statement 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. We consider the deficiencies 17-1 and 17-2 described in the accompanying schedule of findings and responses to be material weaknesses.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Eupora, Mississippi's financial statement is 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 that are required to be reported under *Government Auditing Standards*.

The City of Eupora, Mississippi's Response to Findings

The City of Eupora, Mississippi's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The City of Eupora, Mississippi's response was not subjected to the auditing procedures applied in the audit of the financial statement, 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 City of Eupora, Mississippi'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 City of Eupora, Mississippi's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Eupora, Mississippi
December 12, 2019

Watkins Ward and Stafford, PLLC

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**Independent Auditors' Report on Compliance
With State Laws and Regulations**

Honorable Mayor and Board of Aldermen
City of Eupora
Eupora, Mississippi

We have audited the basic financial statement of the City of Eupora, Mississippi as of and for the year ended September 30, 2017 and have issued our report thereon dated December 12, 2019. We have conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States.

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 basic financial statement disclosed no material instances of noncompliance with state laws and regulations.

This report is intended for the information of the City of Eupora, Mississippi'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.

Eupora, Mississippi
December 12, 2019

Watkins Ward and Stafford, PLLC

City of Eupora, Mississippi
Status of Prior Year Findings
For the Year Ended September 30, 2017

Prior year findings:

- 16-1 The city does not have adequate segregation of duties for internal control purposes.

As of September 30, 2017, the finding had not been corrected. The City had the same finding in the current year.

- 16-2 The city did not follow proper month and year end closing procedures. Two bank accounts were not properly reconciled to the general ledger at September 30, 2016.

As of September 30, 2017, the finding had not been corrected. The City had the same finding in the current year.

City of Eupora, Mississippi
Schedule of Findings and Responses
For the Year Ended September 30, 2017

Section 1: Summary of Auditors' Results

Financial Statement

- | | | |
|----|---|---------------|
| 1. | Type of auditors' report issued on the primary government financial statement: | Unmodified |
| 2. | Internal control over financial reporting: | |
| | a. Material weaknesses identified? | Yes |
| | b. Significant deficiencies identified that are not considered to be material weaknesses? | None reported |
| 3. | Noncompliance material to the financial statement? | No |

Section 2: Financial Statement Findings

17-1 Finding

During our audit of the City of Eupora, Mississippi's financial statement, we noted that the city does not have adequate segregation of duties for internal control purposes.

Recommendation

Because it is not practical to hire more employees, all possible controls with a limited number of employees should be established.

Response

The City of Eupora, Mississippi has segregated the duties of the employees and established such internal control procedures as economically feasible considering the number of office employees of the city.

17-2 Finding

During our audit of the City of Eupora, Mississippi's financial statement, we noted that the city did not follow proper month and year end closing procedures. Two bank accounts were not properly reconciled to the general ledger at September 30, 2017.

Recommendation

The City of Eupora, Mississippi should be performing month and year end closing procedures.

Response

The City of Eupora, Mississippi is currently performing month end closing procedures, and all bank accounts are currently reconciled.

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