



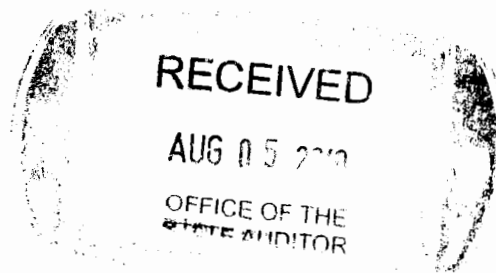
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TOWN OF NEW AUGUSTA, MISSISSIPPI
FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018



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

| | <u>PAGE</u> |
|--|-------------|
| Independent Auditors' Report | 3 |
| Statement of Activities and Net Position Cash Basis – Governmental and Business Type Activities | 5 |
| Statement of Cash Receipts, Disbursements, and Fund Balance– Governmental and Enterprise Funds | 7 |
| Notes to Financial Statements | 8 |
| Other Information | |
| Budgetary Comparison Schedule – General Fund | 15 |
| Budgetary Comparison Schedule – Water and Sewer | 16 |
| Schedule of Investments | 17 |
| Schedule of Capital Assets | 18 |
| Schedule of Long-Term Debt | 19 |
| Schedule of Surety Bonds of Municipal Officials | 20 |
| <u>Independent Auditor's Reports</u> | |
| 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> | 21 |
| Report on Compliance with State Laws and Regulations | 24 |
| Schedule of Findings & Responses | 26 |



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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities and the business-type activities, and the general fund of the Town of New Augusta, Mississippi as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City'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 on the cash receipts and disbursements basis of accounting, as described in Note 1 of the financial statements; this includes 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 financial position of the governmental activities and the business-type activities of the Town of New Augusta, Mississippi, as of September 30, 2018, and the respective changes in financial position for the year then ended in accordance with the cash receipts and disbursements basis of accounting.

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Other Matters

Other 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 Budgetary Comparison – General Fund, Budgetary Comparison – Water and Sewer Fund, Schedule of Investments, Schedule of Capital Assets, Schedule of Long-Term Debt, and Schedule of Surety Bonds of Municipal Officials on pages 15, 16, 17, 18, 19, and 20, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements

The Budgetary Comparison – General Fund, Budgetary Comparison – Water and Sewer Fund, Schedule of Investments, Schedule of Capital Assets, Schedule of Long-Term Debt, and Schedule of Surety Bonds 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.

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

KING CPA, PLLC
June 25, 2019

TOWN OF NEW AUGUSTA
Statement of Activities and Net Position – Cash Basis
For the Year Ended September 30, 2018

| 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 | \$ 135,703 | \$ 858 | \$ 16,448 | \$ - | \$ (118,397) | | \$ (118,397) |
| Court | 42,230 | 10,961 | - | - | (31,269) | | (31,269) |
| Public safety-police | 83,150 | - | - | - | (83,150) | | (83,150) |
| Public safety-fire | 37,949 | - | 14,786 | - | (23,163) | | (23,163) |
| Public works-street | 37,356 | - | - | - | (37,356) | | (37,356) |
| Culture & recreation-library | 2,392 | - | - | - | (2,392) | | (2,392) |
| Culture & recreation-park | 8,685 | - | - | - | (8,685) | | (8,685) |
| Interest/charges on long-term debt | 1,899 | - | - | - | (1,899) | | (1,899) |
| Total governmental activities | <u>349,364</u> | <u>11,819</u> | <u>31,234</u> | <u>-</u> | <u>(306,311)</u> | | <u>(306,311)</u> |
| Business-type activities | | | | | | | |
| Water & sewer | <u>386,962</u> | <u>224,895</u> | <u>-</u> | <u>183,246</u> | | <u>21,179</u> | <u>21,179</u> |
| Total business-type activities | <u>386,962</u> | <u>224,895</u> | <u>-</u> | <u>183,246</u> | | <u>21,179</u> | <u>21,179</u> |
| Total | <u>\$ 736,326</u> | <u>\$ 236,714</u> | <u>\$ 31,234</u> | <u>\$ 183,246</u> | <u>(306,311)</u> | <u>21,179</u> | <u>(285,132)</u> |
| General receipts | | | | | | | |
| Property taxes | | | | | 106,307 | - | 106,307 |
| Sales taxes | | | | | 136,996 | - | 136,996 |
| Franchise taxes | | | | | 30,822 | - | 30,822 |
| Other receipts not restricted to specific programs | | | | | 3,311 | - | 3,311 |
| Unrestricted investment earnings | | | | | <u>562</u> | <u>28</u> | <u>590</u> |
| Total general receipts, transfers and special items | | | | | <u>277,998</u> | <u>28</u> | <u>278,026</u> |
| Change in Net Position (Cash) | | | | | (28,313) | 21,207 | (7,106) |
| Net Position (Cash) - beginning | | | | | <u>258,136</u> | <u>34,925</u> | <u>293,061</u> |
| Net Position (Cash) - ending | | | | | <u>\$ 229,823</u> | <u>\$ 56,132</u> | <u>\$ 285,955</u> |

General receipts

Property taxes

Sales taxes

Franchise taxes

Other receipts not restricted to specific programs

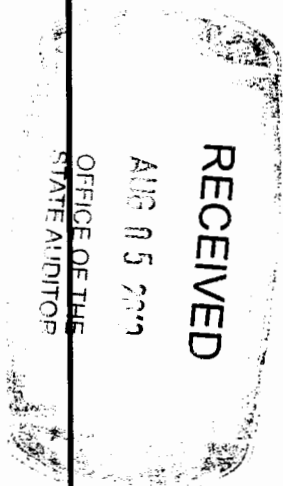
Unrestricted investment earnings

Total general receipts, transfers and special items

Change in Net Position (Cash)

Net Position (Cash) - beginning

Net Position (Cash) - ending



TOWN OF NEW AUGUSTA
Statement of Activities and Net Position – Cash Basis
For the Year Ended September 30, 2018

| | Program Receipts | | | Net Cash Excess (Deficit) | | | |
|----------------------------|------------------|----------------------|------------------------------------|----------------------------------|-------------------------|--------------------------|-------------------|
| | Disbursements | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | Total |
| ASSETS | | | | | | | |
| Cash and cash equivalents | | | | | \$ 87,336 | \$ 56,132 | \$ 143,468 |
| Investments | | | | | 142,487 | - | 142,487 |
| Total assets | | | | | <u>\$ 229,823</u> | <u>\$ 56,132</u> | <u>\$ 285,955</u> |
| NET POSITION - CASH | | | | | | | |
| Restricted | | | | | \$ 2,016 | \$ 15,439 | \$ 17,455 |
| Unrestricted | | | | | 227,807 | 40,693 | 268,500 |
| Total Net Assets | | | | | <u>\$ 229,823</u> | <u>\$ 56,132</u> | <u>\$ 285,955</u> |

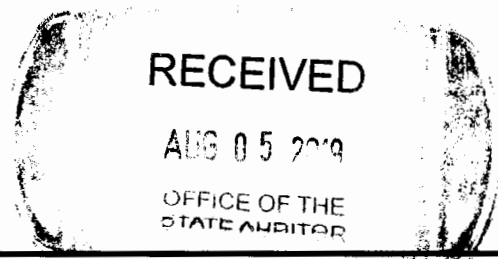
See accompanying notes and independent auditors' report.

TOWN OF NEW AUGUSTA
Statement of Cash Receipts, Disbursements, and Fund Balance
Governmental and Enterprise Funds
For the Year Ended September 30, 2018

| | Governmental Funds General Fund | Enterprise Funds Water & Sewer Fund | Total All Funds | Total All Funds (2017) |
|---|---------------------------------------|---|--------------------|---------------------------|
| RECEIPTS: | | | | |
| General property taxes, penalties & interest | \$ 106,307 | \$ - | \$ 106,307 | \$ 109,634 |
| franchise taxes, licenses and permits | 30,822 | - | 30,822 | 29,365 |
| State shared revenue: | | | | |
| Sales tax | 136,996 | - | 136,996 | 142,500 |
| Homestead exemption | 7,106 | - | 7,106 | 6,738 |
| Fire | 3,676 | - | 3,676 | 3,606 |
| Grant revenue | - | 183,246 | 183,246 | 349,210 |
| Other state revenue | 3,342 | - | 3,342 | 1,976 |
| County shared revenue: | | | | |
| Fire | 6,849 | - | 6,849 | 19,415 |
| Other county revenue | 6,000 | - | 6,000 | 9,321 |
| Charges for services: water utility | - | 207,274 | 207,274 | 183,835 |
| Fines and forfeits: | 10,961 | - | 10,961 | 13,275 |
| Interest on investments | 562 | 28 | 590 | 605 |
| Fire donations | 4,261 | 6,216 | 10,477 | 6,967 |
| Sale of asset | - | - | - | 50,000 |
| Customer deposits received | - | 1,280 | 1,280 | - |
| Sales Tax Collected | - | 3,094 | 3,094 | - |
| Other local receipts | 4,169 | 14,358 | 18,527 | 23,186 |
| Total receipts | 321,051 | 415,496 | 736,547 | 949,633 |
| DISBURSEMENTS: | | | | |
| General government | 135,703 | - | 135,703 | 123,586 |
| Court | 42,230 | - | 42,230 | 44,348 |
| Police | 83,150 | - | 83,150 | 123,783 |
| Fire | 37,949 | 4,261 | 42,210 | 31,513 |
| Public works - street | 39,255 | - | 39,255 | 81,420 |
| Library | 2,392 | - | 2,392 | 1,422 |
| Park | 8,685 | - | 8,685 | 7,010 |
| Enterprises: | | | | |
| Water utility operations | - | 197,407 | 197,407 | 212,363 |
| Customer deposits refunded | - | 738 | 738 | - |
| Sales Tax Paid | - | 3,116 | 3,116 | - |
| Water capital outlay (grant) | - | 188,767 | 188,767 | 381,841 |
| Total operating disbursements | 349,364 | 394,289 | 743,653 | 1,007,286 |
| Excess (deficiency) of receipts over disbursements | (28,313) | 21,207 | (7,106) | (57,653) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in's | - | - | - | 15,000 |
| Transfer out's | - | - | - | (15,000) |
| Total other financing resources (uses) | - | - | - | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | (28,313) | 21,207 | (7,106) | (57,653) |
| Cash basis fund balance - beginning | 258,136 | 34,925 | 293,061 | 350,714 |
| Cash basis fund balance - ending | \$ 229,823 | \$ 56,132 | \$ 285,955 | \$ 293,061 |
| Restricted | 2,019 | 15,439 | 17,458 | 16,906 |
| Assigned | 25,215 | - | 25,215 | - |
| Unassigned | 202,589 | 40,693 | 243,282 | 276,155 |
| Total cash basis fund balance | \$ 229,823 | \$ 56,132 | \$ 285,955 | \$ 293,061 |

See accompanying notes and independent auditors' report.

NOTES TO THE FINANCIAL STATEMENTS



TOWN OF NEW AUGUSTA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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:

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TOWN OF NEW AUGUSTA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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

Deposits. The Town must advertise and accept bids for depositories no less than once every three years as required by Section 37-7-333, 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, 2018

Cash and Cash Equivalents

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds and business-type activities was \$229,923 and \$56,132, respectively. The bank balance was \$249,761 for governmental funds and \$64,017 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, 2018, 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 (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 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, 2018

NOTE 4 – BONDS PAYABLE (Continued)

The following is a schedule of limitations on the indebtedness of the Town at September 30, 2018:

| <u>Authorized Debt Limit</u> | <u>15 Percent</u> | <u>20 Percent</u> |
|--|-------------------|-------------------|
| Assessed valuation of fiscal year ended September 30, 2018 | \$ 3,661,933 | \$ 549,290 |
| Present debt subject to 15% limitation | - | - |
| Present debt subject to 20% limitation including debt subject to 15% limitation | - | (73,015) |
| Margin for further debt under respective debt limits | <u>\$ 549,290</u> | <u>\$ 659,372</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.

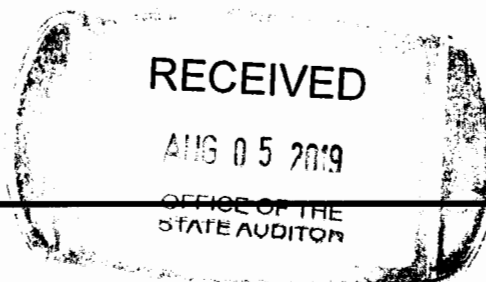
Funding Policy: PERS members are required to contribute 9.00% of their annual covered salary and the Town of New Augusta is required to contribute at an actuarial determined rate. The current rate is 15.75% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The Town's contributions to PERS for the years ending September 30, 2018, 2017, and 2016, were \$37,559, \$39,397, and \$40,410, 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, 2018

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, 2018 the Town of New Augusta’s liability for compensated absences is approximately \$7,350 based on 420 accumulated vacation hours.

B. Net Pension Liability

As of September 30, 2018, the Town of New Augusta’s net pension liability is approximately \$572,008 based on proportionate share of 0.003439%.

NOTE 8 – SUBSEQUENT EVENTS

Management has considered subsequent events through June 25, 2019, 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:

OTHER INFORMATION

TOWN OF NEW AUGUSTA
Budgetary Comparison Schedule – General Fund
For the Year Ended September 30, 2018
UNAUDITED

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variances Positive (Negative) | |
|---|--------------------|--------------------|-----------------------------|----------------------------------|--------------------|
| | Original | Final | | Original to Final | Final to Actual |
| | | | | | |
| RECEIPTS | | | | | |
| Property taxes | \$ 110,000 | \$ 110,000 | \$ 106,309 | \$ - | \$ (3,691) |
| License and permits | 32,100 | 32,100 | 32,351 | - | 251 |
| Intergovernmental revenues | 157,100 | 157,100 | 154,703 | - | (2,397) |
| Fines and forfeitures | 12,000 | 12,000 | 10,961 | - | (1,039) |
| Miscellaneous | 26,200 | 26,200 | 25,432 | - | (768) |
| TOTAL RECEIPTS | <u>337,400</u> | <u>337,400</u> | <u>329,756</u> | <u>-</u> | <u>(7,644)</u> |
| EXPENDITURES | | | | | |
| General government | 124,050 | 124,050 | 144,408 | - | (20,358) |
| Court | 49,600 | 49,600 | 42,230 | - | 7,370 |
| Public safety-police | 111,850 | 111,850 | 83,150 | - | 28,700 |
| Public safety-fire | 25,000 | 25,000 | 37,949 | - | (12,949) |
| Public works-street | 12,600 | 12,600 | 8,685 | - | 3,915 |
| Parks | 40,000 | 40,000 | 39,255 | - | 745 |
| Library | 3,700 | 3,700 | 2,392 | - | 1,308 |
| TOTAL EXPENDITURES | <u>366,800</u> | <u>366,800</u> | <u>358,069</u> | <u>-</u> | <u>8,731</u> |
| EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS | (29,400) | (29,400) | (28,313) | - | 1,087 |
| NET CHANGE IN CASH BALANCE | <u>\$ (29,400)</u> | <u>\$ (29,400)</u> | <u>\$ (28,313)</u> | <u>\$ -</u> | <u>\$ 1,087</u> |
| CASH BALANCE-BEGINNING | | | <u>258,136</u> | | |
| CASH BALANCE-ENDING | | | <u>\$ 229,823</u> | | |

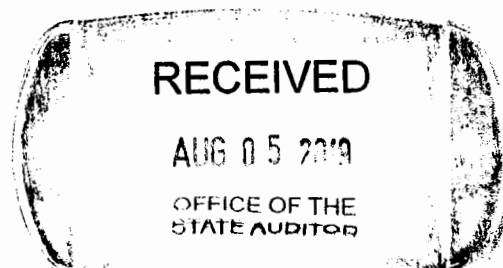
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STATE AUDITOR

TOWN OF NEW AUGUSTA
Budgetary Comparison Schedule – Water and Sewer Fund
For the Year Ended September 30, 2018
UNAUDITED

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variances Positive (Negative) | |
|---|--------------------|--------------------|-----------------------------|----------------------------------|--------------------|
| | Original | Final | | Original to Final | Final to Actual |
| | | | | | |
| RECEIPTS | | | | | |
| Charges for services | \$ 188,000 | \$ 188,000 | \$ 202,055 | \$ - | \$ 14,055 |
| Grant Revenue | - | - | 183,246 | - | 183,246 |
| Interest | - | - | 28 | - | 28 |
| Miscellaneous | <u>11,000</u> | <u>11,000</u> | <u>22,840</u> | <u>-</u> | <u>11,840</u> |
| TOTAL RECEIPTS | <u>199,000</u> | <u>199,000</u> | <u>408,169</u> | <u>-</u> | <u>209,169</u> |
| EXPENDITURES | | | | | |
| Water and Sewer Utility | | | | | |
| Operations | 217,500 | 217,500 | 198,195 | - | 19,305 |
| Capital outlay | <u>-</u> | <u>-</u> | <u>188,767</u> | <u>-</u> | <u>(188,767)</u> |
| TOTAL EXPENDITURES | <u>217,500</u> | <u>217,500</u> | <u>386,962</u> | <u>-</u> | <u>(169,462)</u> |
| EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS | (18,500) | (18,500) | 21,207 | - | 39,707 |
| NET CHANGE IN CASH BALANCE | <u>\$ (18,500)</u> | <u>\$ (18,500)</u> | <u>\$ 21,207</u> | <u>\$ -</u> | <u>\$ 39,707</u> |
| CASH BALANCE-BEGINNING | | | <u>34,925</u> | | |
| CASH BALANCE-ENDING | | | <u>\$ 56,132</u> | | |

TOWN OF NEW AUGUSTA
Schedule of Investments
For the Year Ended September 30, 2018
UNAUDITED

| <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 | \$ 38,805.00 |
| General Fund | Certificate of Deposit | 0.10% | 12 month | Trustmark Bank | 2,019.00 |
| General Fund | Certificate of Deposit | 0.45% | 18 month | Trustmark Bank | <u>101,663.00</u> |
| Total Investments | | | | | <u><u>\$ 142,487.00</u></u> |

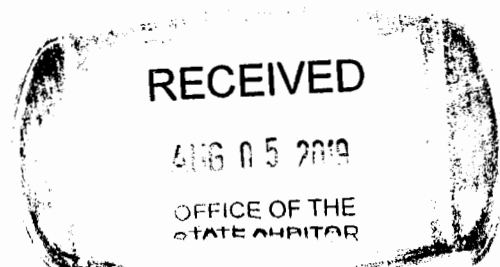


TOWN OF NEW AUGUSTA
Schedule of Capital Assets
For the Year Ended September 30, 2018
UNAUDITED

| Governmental Activities | Balance 10/1/2017 | Additions | Deletions | Balance 9/30/2018 |
|--|------------------------------|-------------------|-------------------|------------------------------|
| Capital assets: | | | | |
| Land | \$ 18,000 | \$ - | \$ - | \$ 18,000 |
| Buildings | 245,163 | - | - | 245,163 |
| Automobiles | 313,262 | - | - | 313,262 |
| Equipment | 301,376 | - | - | 301,376 |
| Total Governmental Activities capital as | \$ 869,454 | \$ - | \$ - | \$ 877,801 |
| Business-type Activities | | | | |
| Capital assets: | | | | |
| CIP | \$ 213,650 | \$ - | \$ 213,650 | \$ - |
| Water and Sewer System | 1,334,266 | 422,351 | - | 1,756,617 |
| Automobiles | 28,914 | - | - | 28,914 |
| Equipment | 7,550 | - | - | 7,550 |
| tal Business-type activities capital assets | \$ 1,584,380 | \$ 422,351 | \$ 213,650 | \$ 1,793,081 |

TOWN OF NEW AUGUSTA
Schedule of Long-Term Debt
For the Year Ended September 30, 2018
UNAUDITED

| | <u>BALANCE</u> <u>October 1, 2017</u> | <u>ISSUED</u> | <u>REDEEMED</u> | <u>BALANCE</u> <u>September 30, 2018</u> |
|--|--|---------------|-----------------|---|
| HANCOCK BANK | | | | |
| LEASE PURCHASE | | | | |
| \$82,606, 60 MONTHS 2.460%, BEG 7/6/17 | | | | |
| MONTHLY PAYMENT \$799.56 | 80,711 | - | 7,696 | 73,015 |
| BALLON PAYMENT \$42,500 7/7/2022 | | | | |
| TRUSTMARK NATIONAL BANK | | | | |
| LEASE PURCHASE | | | | |
| \$27,157, 50 MONTHS, 2.5%, BEG 11/1/2013 | | | | |
| MONTHLY PAYMENT \$593.17 | 579 | - | 579 | - |
| Total | <u>\$ 81,290</u> | <u>\$ -</u> | <u>\$ 8,275</u> | <u>\$ 73,015</u> |



TOWN OF NEW AUGUSTA
Schedule of Surety Bonds for Municipal Officials
For the Year Ended September 30, 2018
UNAUDITED

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 | 2/26/18-2/26/19 |
| | Court Clerk | \$ 10,000 | Old Republic Surety Company | LPO-2104315 | 2/26/18-2/26/19 |
| Jessica Herring | Court 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 | 5/29/18-5/29/19 |



**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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Mississippi Society of
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**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, 2018, 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 June 25, 2019.

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 2018-1 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*.

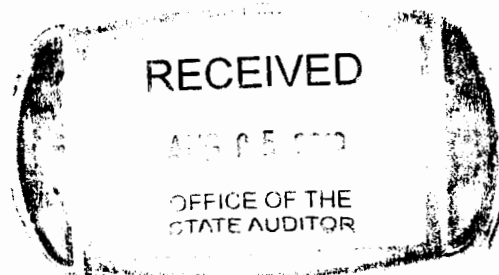
Purpose of this Report

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.

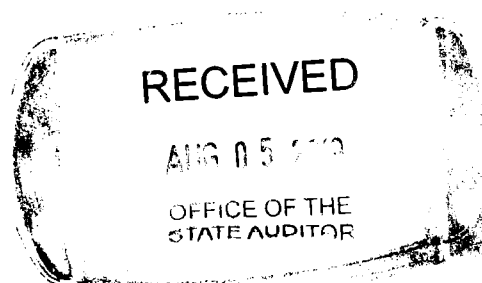
King CPA, PLLC

KING CPA, PLLC

June 25, 2019



**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

We have audited the basic financial statements of the Town of New Augusta, Mississippi as of and for the year ended September 30, 2018 and have issued our report dated June 25, 2019. 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*.

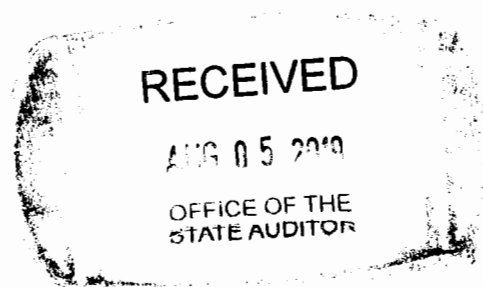
As required by the state legal compliance audit program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain state laws and regulations. However, providing an opinion on compliance with state laws and regulations was not an objective of our 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
June 25, 2019

SCHEDULE OF FINDINGS AND RESPONSES



**TOWN OF NEW AUGUSTA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

Section 1: Financial Statement Findings

2018-01 – 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.

