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City of Bruce, Mississippi

Audit Report

September 30, 2019

City of Bruce, Mississippi

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

James L. Stafford, CPA	Stephen D. Flake, CPA
Harry W. Stevens, CPA	John N. Russell, CPA
S. Keith Winfield, CPA	Thomas A. Davis, CPA
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Thomas J. Browder, CPA	

**INDEPENDENT AUDITORS' REPORT ON
THE COMBINED STATEMENT OF CASH RECEIPTS AND
DISBURSEMENTS AND SUPPLEMENTAL INFORMATION**

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

We have audited the accompanying Combined Statement of Cash Receipts and Disbursements of the City of Bruce, Mississippi for the year ended September 30, 2019, and the related notes to financial statement, as listed in the contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the cash basis of accounting as described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the presentation 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

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

Members of Mississippi Society of Certified Public Accountants
Members of American Institute of Certified Public Accountants

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 one proprietary fund of the City of Bruce, Mississippi for the year ended September 30, 2019, in accordance with the cash basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statement, which describes the basis of accounting. The financial statement 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 that 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 Bruce, 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 schedules of investments, capital assets, long-term debt, and surety bonds 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 schedules of investments, capital assets, long-term debt, and surety bonds are fairly stated, in all material respects, in relation to the Combined Statement of Cash Receipts and Disbursements.

As discussed in Note 1, the Combined Statement of Cash Receipts and Disbursements presents only the governmental funds and one proprietary fund of the City of Bruce, Mississippi, and does not purport to, and does not, present fairly the results of operations – cash basis of the City of Bruce, Mississippi, for the year ended September 30, 2019, in conformity with the cash basis of accounting described in Note 1.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2020, on our consideration of the City of Bruce, 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 the City of Bruce, Mississippi's internal control over financial reporting and compliance.

Oxford Mississippi
December 31, 2020

Members of Mississippi Society of Certified Public Accountants
Members of American Institute of Certified Public Accountants

CITY OF BRUCE, MISSISSIPPI
Combined Statement Of Cash Receipts And Disbursements
Governmental and Business Type Activities
For The Year Ended September 30, 2019

	Governmental Activities			Business-type Activities	
	Major Fund	Other Nonmajor Funds	Total	Water and Sewer	Total
	General				
Revenues					
Taxes:					
General property taxes	\$ 369,382	-	369,382	-	-
TVA in lieu of taxes	44,425	-	44,425	-	-
Licenses and permits:					
Privilege licenses	4,885	-	4,885	-	-
Franchise charges - Pontotoc EPA	58,832	-	58,832	-	-
Intergovernmental revenues:					
USDA grant-police cars	41,600	-	41,600	-	-
2018 Transportation grant	200,000	-	200,000	-	-
Fire truck grant	70,000	-	70,000	-	-
MDA grant	74,944	-	74,944	-	-
State grant	-	-	-	131,570	131,570
State shared revenues:					
Sales tax	472,186	-	472,186	-	-
Homestead reimbursements	25,177	-	25,177	-	-
Municipal aid	6,784	-	6,784	-	-
Fire protection	15,000	-	15,000	-	-
County shared revenues:					
Road and bridge tax funds	73,290	-	73,290	-	-
Fire fund	16,868	-	16,868	-	-
Drug fund	9,588	-	9,588	-	-
Charges for services					
Sanitation	112,275	-	112,275	-	-
Nursing home rent	145,713	-	145,713	-	-
Water	-	-	-	459,664	459,664
Fines and forfeitures	106,554	-	106,554	-	-
Recreation	45,543	-	45,543	-	-
Interest income	25,136	-	25,136	548	548
Donations	801	-	801	-	-
Micellaneous receipts	15,929	-	15,929	6,194	6,194
Total Revenues	\$ 1,934,912	-	1,934,912	597,976	597,976

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

CITY OF BRUCE, MISSISSIPPI
Combined Statement Of Cash Receipts And Disbursements
Governmental and Business Type Activities
For The Year Ended September 30, 2019

	Governmental Activities			Business-type Activities	
	Major Fund	Other Nonmajor Funds	Total	Water and Sewer	Total
	General				
Operating Disbursements:					
General government	\$ 312,568	-	312,568	-	-
Public safety:					
Police	510,744	-	510,744	-	-
Fire	52,959	-	52,959	-	-
Public works	350,867	-	350,867	-	-
Culture and recreation	276,449	-	276,449	-	-
Sanitation	122,253	-	122,253	-	-
Enterprise	-	-	-	460,983	460,983
Total Disbursements	1,625,840	-	1,625,840	460,983	460,983
Excess of Receipts Over Disbursements	309,072	-	309,072	136,993	136,993
Other Cash Sources (Uses)					
Debt repaid	(31,776)	-	(31,776)	(31,343)	(31,343)
Capital outlay	(201,677)	-	(201,677)	(177,404)	(177,404)
Interfund transfers	9,000	(9,000)	-	-	-
Interfund loan repayment	60,194	-	60,194	(60,194)	(60,194)
Water deposits	-	-	-	1,238	1,238
Overpayment of escrow	(1,328)	-	(1,328)	(216)	(216)
Total Other Cash Sources (Uses)	(165,587)	(9,000)	(174,587)	(267,919)	(267,919)
Excess (deficiency) of receipts and other cash sources over disbursements and other cash uses	143,485	(9,000)	134,485	(130,926)	(130,926)
Cash Balance - Beginning of Year	1,146,172	63,213	1,209,385	378,273	378,273
Cash Balance - End of Year	\$ 1,289,657	54,213	1,343,870	247,347	247,347

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

CITY OF BRUCE, MISSISSIPPI
Notes to Financial Statement

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

The City of Bruce, Mississippi (the City) was incorporated in 1927. The City operates under a Mayor-Board of Alderman form of government and provides all of the rights and privileges and services as provided by statutes for municipalities.

The financial statements of the City have been prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In evaluating how to define the government, for financial reporting purposes, 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 accounting principles generally accepted in the United States of America. The basic-but not only-criterion 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 governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, no additional component unit will be reported within the City of Bruce, Mississippi's reporting entity.

Fund Accounting

The accounts of the City of Bruce, 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 generic fund types and broad fund categories as follows:

CITY OF BRUCE, MISSISSIPPI
Notes to Financial Statement

Note 1 - Summary of Significant Accounting Policies (Continued)

Governmental Funds

General Fund - The General Fund is the general operating fund of the City of Bruce, 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.

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 Funds consist of the Water and Sewer Department.

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.

Use of Estimates

The preparation of financial statements 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 statements 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.

CITY OF BRUCE, MISSISSIPPI
Notes to Financial Statement

Note 2 - 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 3 - Cash and Investments

The collateral for public entities' 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 Depository Insurance Corporation.

The carrying amount of the City's deposits with financial institutions was \$1,591,217 on September 30, 2019, and the total of all bank balances was \$1,595,185.

As provided in Section 91-13-8 Miss. Code Ann. (1972), the investments of the City are certificates of deposit with Renasant Bank and Calhoun Banking Center. (See page 14 for Schedule of Investments.)

Interest Rate Risk. The City does not have a formal investment policy that limits investments maturities as a mean of managing its exposure to fair value losses arising from increasing interest rates. However, Section 19-9-29, Miss. Code Ann. (1972) limits the maturity period of any investment to no more than one year.

Credit Risk. State law limits investments to those authorized by Section 19-9-29 and 91-13-8, Miss Code Ann. (1972). The City does not have a formal investment policy that would further limit its investments choices or one that addresses credit risk.

Custodial Credit Risk - Investments. Custodial credit risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments of collateral securities that are in the possession of an outside party. The City does not have a formal policy for custodial risk.

CITY OF BRUCE, MISSISSIPPI
Notes to Financial Statement

Note 4 - Long-Term Debt

The following is a summary of transactions of the City of Bruce, Mississippi for the year ended September 30, 2019:

	<u>10/1/2018</u> <u>Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>9/30/2019</u> <u>Balance</u>
Governmental activities:				
John Deere Financial	\$ 7,901	-	(7,901)	-
KS State Bank	<u>157,271</u>	<u>-</u>	<u>(23,875)</u>	<u>133,396</u>
Governmental activities long-term liabilities	<u>165,172</u>	<u>-</u>	<u>(31,776)</u>	<u>133,396</u>
Business-type activities:				
MDEQ-WPCRLF	428,106	-	(21,212)	406,894
Bancorp South	<u>56,100</u>	<u>-</u>	<u>(10,131)</u>	<u>45,969</u>
Business-type activities long-term liabilities	<u>484,206</u>	<u>-</u>	<u>(31,343)</u>	<u>452,863</u>
Total long-term debt	<u>\$ 649,378</u>	<u>-</u>	<u>(63,119)</u>	<u>586,259</u>

All liabilities of the City of Bruce, Mississippi are secured by the full faith and credit of the municipality.

The City of Bruce, Mississippi improved their sewer system through a capital improvement loan with MDEQ on June 1, 2016. The outstanding debt is due in monthly installments of \$2,378 with an interest rate of 1.75%. The outstanding balance at year end was \$406,894.

A capital lease was finalized in March of 2014 with John Deere Financing. Monthly installments of \$1,328 at an interest rate of 3.25% were made until the outstanding balance was paid off in March of 2019.

A capital lease was finalized in June 2018 with Bancorp South. The outstanding debt is due in monthly installments of \$1,092 at an interest rate of 3.69%. The outstanding balance at year end was \$45,969.

A loan was finalized in February of 2018 with KS State Bank. The outstanding debt is due in yearly installments of \$31,928 for seven years at an interest rate of 3.85%. The balance at September 30, 2019, was \$133,396

CITY OF BRUCE, MISSISSIPPI
Notes to Financial Statement

Note 5 - Defined Benefit Pension Plan

Plan Description

The City of Bruce, 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 39201-1005 or by calling (601) 359-3589 or 1-800-444-PERS.

Funding Policy

PERS members are required to contribute 9% of their annual covered salary and the City of Bruce, Mississippi is required to contribute at an actuarially determined rate, which was increased to 17.4% from 15.75% of covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The City of Bruce, Mississippi's contributions to PERS for the years ending September 30, 2019, 2018 and 2017 were \$114,419, \$97,342 and \$96,776 respectively, equal to the required contributions for each year.

Note 6 - Risk Management

The City of Bruce, 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 Bruce, Mississippi carries commercial insurance for these risks. Settled claims resulting from these insured risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Under GASB Statement No. 10, *Accounting and Financial Reporting for Risks Financing and Related Insurance Issues*, a liability for claims must be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and that the amount of the loss can be reasonably estimated. As of the date of this audit report, there were no known claims above the amount of coverage purchased for risks of loss related to torts, theft of, damage to, and the destruction of assets, errors and omissions, injuries to employees and natural disasters at September 30, 2019, therefore no liability has been accrued at this time.

CITY OF BRUCE, MISSISSIPPI
Notes to Financial Statement

Note 7 - Property Tax

Numerous statutes exist under which the Mayor and Board of Aldermen may levy property taxes. The selection of authorities is made based on the objectives and responsibilities of the City. Restrictions associated with property tax levies vary with the statutory authority. The amount of increase in certain property taxes is limited by state law. Generally, this restriction provides that these tax levies shall produce no more than 110% of the amount which resulted from the assessments of the previous year.

The Mayor and Board of Aldermen, each year at a meeting in September, levy property taxes for the ensuing fiscal year which begins on October 1. Real property taxes become a lien on January 1 of the current year, and personal property taxes become a lien on March 1 of the current year.

Taxes on both real and personal property, however, are due on or before February 1 of the next succeeding year.

Taxes on motor vehicles and mobile homes become a lien and are due in the month that coincides with the month of original purchase. The City taxes are collected and remitted to the City by the Calhoun County Tax Collector.

Accounting principles generally accepted in the United States of America require property taxes to be recognized at the levy date if measurable and available. All property taxes are recognized as revenue in the year for which they are levied. Motor vehicle and mobile home taxes do not meet the measurability and collectability criteria for property tax recognition because the lien and due date cannot be established until the date of original purchase occurs.

The distribution of taxes to funds was made in accordance with prescribed tax levies, and uncollected taxes were properly handled.

Delinquent taxes are not recorded as assets.

Note 8 - Subsequent Events

Events that occur after the Combined Statement of Cash Receipts and Disbursements date but before the financial statements are 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. The City has evaluated subsequent events through December 31, 2020, the date the financial statements were available to be issued, and determined that the following subsequent event should be disclosed:

CITY OF BRUCE, MISSISSIPPI
Notes to Financial Statement

Note 8 - Subsequent Events-(Continued)

On March 11, 2020, the World Health Organization declared the COVID-19 virus outbreak to be a pandemic. The Board has evaluated the potential impact of the pandemic on the City's operations. As of December 31, 2020, the City reports a reduction in sales tax revenues which can be attributed directly to COVID-19. The City has continued operations and have adjusted their budget accordingly.

SUPPLEMENTAL INFORMATION

CITY OF BRUCE, MISSISSIPPI
Schedule of Investments – All Funds
For the Year Ended September 30, 2019

Ownership	Type of Investments	Interest Rate	Maturity Date	Other Information	Investment Fair Value
General Fund	Certificates of Deposit	0.59%	8/20/2020	Renasant Bank	\$ 2,988
General Fund	Certificates of Deposit	2.56%	8/13/2020	Calhoun Banking Center	1,006,214
Water & Sewer Fund	Certificates of Deposit	1.50%	1/9/2020	Renasant Bank	47,202
Total					<u><u>\$ 1,056,404</u></u>

CITY OF BRUCE, MISSISSIPPI
Schedule of Capital Assets
For the Year Ended September 30, 2019

	<u>10/1/2018</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>9/30/2019</u> <u>Balance</u>
Governmental activities:				
Capital Assets:				
Land	\$ 603,783	2,983	-	606,766
Buildings	5,512,219	-	-	5,512,219
Machinery and equipment	1,425,324	119,598	-	1,544,922
Infrastructure	1,458,018	79,096	-	1,537,114
Governmental activities capital assets	\$ 8,999,344	201,677	-	9,201,021
Business-type activities:				
Capital Assets:				
Land	\$ 100,100	-	-	100,100
Buildings	130,696	1,586	-	132,282
Machinery and equipment	481,981	2,095	-	484,076
Infrastructure	3,460,543	173,723	-	3,634,266
Business-type activities capital assets	\$ 4,173,320	177,404	-	4,350,724

CITY OF BRUCE, MISSISSIPPI
Schedule of Long - Term Debt
For the Year Ended September 30, 2019

	<u>10/1/2018</u> <u>Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>9/30/2019</u> <u>Balance</u>
Governmental activities:				
John Deere Financial	\$ 7,901	-	(7,901)	-
KS State Bank	<u>157,271</u>	<u>-</u>	<u>(23,875)</u>	<u>133,396</u>
Governmental activities long-term liabilities	<u>165,172</u>	<u>-</u>	<u>(31,776)</u>	<u>133,396</u>
Business-type activities:				
MDEQ-WPCRLF	428,106	-	(21,212)	406,894
Bancorp South	<u>56,100</u>	<u>-</u>	<u>(10,131)</u>	<u>45,969</u>
Business-type activities long-term liabilities	<u>484,206</u>	<u>-</u>	<u>(31,343)</u>	<u>452,863</u>
Total long-term debt	<u>\$ 649,378</u>	<u>-</u>	<u>(63,119)</u>	<u>586,259</u>

CITY OF BRUCE, MISSISSIPPI
Schedule of Surety Bonds for Municipal Officials
September 30, 2019

<u>Name</u>	<u>Position</u>	<u>Surety</u>	<u>Bond Amount</u>
Rudy Pope	Mayor	Travelers	\$ 50,000
John Earl Armstrong	Alderman Ward 1	Travelers	\$ 50,000
Johnny Armstrong	Alderman Ward 2	Travelers	\$ 50,000
Jimmy Hubbard	Alderman Ward 3	Travelers	\$ 50,000
Steve Nelson	Alderman Ward 4	Travelers	\$ 50,000
Ellen Shaw	Alderwoman Ward 5	Travelers	\$ 50,000
Rita Talford	City Clerk	Western Surety	\$ 50,000
Stanley Evans	Chief of Police	Western Surety	\$ 50,000
Other specified city employees	Various	Travelers	\$ 50,000



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

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

Honorable Mayor and Board of Alderman
City of Bruce
Bruce, Mississippi

We have audited the Combined Statement of Cash Receipts and Disbursements and supplemental information of the City of Bruce, Mississippi, as of and for the year ended September 30, 2019, and have issued our report dated . 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 Combined Statement of Cash Receipts and Disbursements and supplemental information indicate that, with respect to the items tested, the City of Bruce, Mississippi complied with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the City of Bruce, Mississippi had not complied with those provisions.

This report is intended solely for the information and use of management, the Board of Alderman, federal awarding agencies, the Office of the State Auditor and pass-through entities 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.

Oxford, Mississippi
December 31, 2020

Members of Mississippi Society of Certified Public Accountants
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WATKINS, WARD and STAFFORD
Professional Limited Liability Company
Certified Public Accountants

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**INDEPENDENT AUDITORS' 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***

The Honorable Mayor and Board of Alderman
City of Bruce
Bruce, 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 Combined Statement of Cash Receipts and Disbursements of the City of Bruce, Mississippi for the year ended September 30, 2019, and the related notes to the financial statement, and have issued our report thereon dated December 31, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Bruce, 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 Bruce, Mississippi's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Bruce, 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 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.

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, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Bruce, Mississippi's financial statement is 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.

Oxford, Mississippi
December 31, 2020

CITY OF BRUCE, MISSISSIPPI
Status of Prior Year Findings
For the Year Ended September 30, 2019

The prior year report contained no findings.

CITY OF BRUCE, MISSISSIPPI
Schedule of Findings and Responses
For the Year Ended September 30, 2019

Finding:

There were no findings in the current year that would have a significant material effect on the financial statements.