



The following document was not prepared by the Office of the State Auditor, but was prepared by and submitted to the Office of the State Auditor by a private CPA firm. The document was placed on this web page as it was submitted. The Office of the State Auditor assumes no responsibility for its content or for any errors located in the document. Any questions of accuracy or authenticity concerning this document should be submitted to the CPA firm that prepared the document. The name and address of the CPA firm appears in the document.



**City of Macon, Mississippi**

**Audit Report**

**September 30, 2019**

# City of Macon, Mississippi

## Contents

	<b><u>Page</u></b>
<b>Financial Statement:</b>	
Independent Auditors' Report on the Combined Statement of Cash Receipts and Disbursements and Supplemental Information	1
Combined Statement of Cash Receipts and Disbursements	4
Notes to Financial Statement	6
<b>Supplemental Information:</b>	
Schedule of Investments – All Funds	14
Schedule of Capital Assets	15
Schedule of Long-Term Debt	16
Schedule of Surety Bonds for Municipal Officials	17
Independent Auditors' Report on Compliance with State Laws and Regulations	18
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	19
Schedule of Findings and Responses	21



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

James L. Stafford, CPA  
Harry W. Stevens, CPA  
S. Keith Winfield, CPA  
William B. Staggars, CPA  
Michael W. McCully, CPA  
R. Steve Sinclair, CPA  
Marsha L. McDonald, CPA  
Wanda S. Holley, CPA  
Robin Y. McCormick, CPA/PFS  
J. Randy Scrivner, CPA  
Kimberly S. Caskey, CPA  
Susan M. Lummus, CPA  
Thomas J. Browder, CPA

Stephen D. Flake, CPA  
John N. Russell, CPA  
Thomas A. Davis, CPA  
Anita L. Goodrum, CPA  
Ricky D. Allen, CPA  
Jason D. Brooks, CPA  
Robert E. Cordle, Jr., CPA  
Perry C. Rackley, Jr., CPA  
Jerry L. Gammel, CPA  
Michael C. Knox, CPA  
Clifford P. Stewart, CPA  
Edward A. Maxwell, CPA

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

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

We have audited the accompanying Combined Statement of Cash Receipts and Disbursements of the City of Macon, 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 Statement**

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 auditors consider 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.

## **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, one proprietary fund, and fiduciary funds of the City of Macon, 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 Macon, Mississippi. The schedule of long-term debt, schedule of investments, 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 long-term debt, schedule of investments and schedule of 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 schedule of long-term debt, schedule of investments and schedule of 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, one proprietary fund, and fiduciary funds of the City of Macon, Mississippi, and does not purport to, and does not, present fairly the results of operations – cash basis of the City of Macon, 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 July 28, 2020, on our consideration of the City of Macon, 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 Macon, Mississippi's internal control over financial reporting and compliance.

Macon, Mississippi  
July 28, 2020

*Watkins Ward and Stafford, P.C.*

**CITY OF MACON, MISSISSIPPI**  
**Combined Statement Of Cash Receipts And Disbursements**  
**All Funds Excluding The Electric Proprietary Fund**  
**For The Year Ended September 30, 2019**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Proprietary Fund</u>	<u>Fiduciary Fund</u>
<b>Receipts</b>						
General Property Taxes	\$ 735,796					
Penalties and interest on delinquent taxes	2,355					
Licenses and permits	15,679					
In lieu of taxes/franchise taxes:						
Four-County	5,078					
Atmos Gas	5,880					
Tennessee Valley Authority	26,181					
Macon Electric Department	124,284					
Mississippi Housing Authority	828					
Intergovernmental Revenues:						
Federal Revenue:						
Community Development Block Grant			408,636			
FAA Airport Grant			104,121			
Rural Housing Service Community Facilities Grant	48,927					
Local Shared Revenues:						
County allocations	77,147					
State Shared Revenues:						
State grants	1,380		5,785			
Sales tax	586,636					
Homestead reimbursement	45,269					
Liquor privilege tax	1,800					
Gasoline tax	8,304					
Charges for Services:						
Water Utility					1,104,655	
Refuse collection	220,390					
Fines and forfeitures	23,569					
Interest	6,288	-	443	1,160	-	1,077
Rents and royalties	144,316					
Perpetual care and sale of lots						6,790
Sportsplex supplement	51,600					
Miscellaneous	80,271					
Total Receipts	<u>2,211,978</u>	<u>-</u>	<u>518,985</u>	<u>1,160</u>	<u>1,104,655</u>	<u>7,867</u>

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



**CITY OF MACON, MISSISSIPPI**  
**Combined Statement Of Cash Receipts And Disbursements**  
**All Funds Excluding The Electric Proprietary Fund**  
**For The Year Ended September 30, 2019**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Proprietary Fund</u>	<u>Fiduciary Fund</u>
<b>Disbursements:</b>						
General government	\$ 682,982					
Public safety:						
Police	711,829					
Fire	95,218					
Public works	500,977					
Health and welfare	192,623					
Culture and recreation	159,791					
Maintenance						-
Enterprise:						
Water Utility					420,459	
Interest on Bonds				27,999	61,342	
Total Disbursements	<u>2,343,420</u>	<u>-</u>	<u>-</u>	<u>27,999</u>	<u>481,801</u>	<u>-</u>
Excess (Deficiency) of receipts over disbursements	<u>(131,442)</u>	<u>-</u>	<u>518,985</u>	<u>(26,839)</u>	<u>622,854</u>	<u>7,867</u>
<b>Other Financing Sources (Uses):</b>						
Bonds Retired				(125,000)	(80,400)	
Capital Outlay	(1,459)		(133,476)		(643,178)	
Loans and Transfers	62,661		(402,851)	191,296	62,626	
Total Other Financing Sources (Uses)	<u>61,202</u>	<u>-</u>	<u>(536,327)</u>	<u>66,296</u>	<u>(660,952)</u>	<u>-</u>
Excess (Deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(70,240)</u>	<u>-</u>	<u>(17,342)</u>	<u>39,457</u>	<u>(38,098)</u>	<u>7,867</u>
<b>Cash Balance - Beginning of Year</b>	<u>61,907</u>	<u>15,618</u>	<u>149,297</u>	<u>182,262</u>	<u>548,460</u>	<u>54,791</u>
<b>Cash Balance - End of Year</b>	<u>\$ (8,333)</u>	<u>15,618</u>	<u>131,955</u>	<u>221,719</u>	<u>510,362</u>	<u>62,658</u>

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

**CITY OF MACON, MISSISSIPPI**  
**Notes to Financial Statement**

**Note 1 - Summary of Significant Accounting Policies**

**Reporting Entity**

The citizens of Macon, Mississippi have elected to operate under a Code Charter as permitted by Mississippi Statue 21-3-3, which prescribes a Mayor and Board of Alderman form of government.

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, the following is a brief review of each potential component unit addressed in defining the City of Macon, Mississippi's reporting entity.

Not included within the reporting entity:

**City of Macon Electric Department:** The Electric Department's governing board is the City of Macon, Mississippi's governing body. The rates for user charges and bond issuance authorizations are determined by the government's governing body. The Electric Department has been excluded from the City of Macon's financial statement. The Electric Department prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the provision of the power contract between the Electric Department and the Tennessee Valley Authority, and are consistent with the requirements of the Federal Energy Regulatory Commission's system of accounts which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The fiscal year end for the Electric Department is June 30, and a separate audit report has not been issued to date.

**CITY OF MACON, MISSISSIPPI**  
**Notes to Financial Statement**

**Note 1 - Summary of Significant Accounting Policies (Continued)**

The following is a summary of the more significant accounting principles:

**Fund Accounting**

The accounts of the City of Macon, 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 five generic fund types and three broad fund categories as follows:

**Governmental Funds**

**General Fund** - The General Fund is the general operating fund of the City of Macon, 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 Environmental Protection Agency Fund.

**Debt Service Fund** - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of general long-term debt principal, interest, and related costs. The primary revenue source is local property taxes levied specifically for debt service.

**Capital Projects Fund** - The Capital Projects Fund is used to account for the acquisition of fixed assets or construction of major capital projects not being financed by Proprietary or Nonexpendable Trust Funds.

**Fiduciary Funds**

**Trust and Agency Fund** - The Trust and Agency Fund is used to account for assets held by the City of Macon, Mississippi in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Nonexpendable Trust Funds are used to account for the principal portion of Trust Funds, the part which cannot be expended. They are accounted for in essentially the same manner as proprietary funds since capital maintenance is critical. The Trust and Agency Fund is the Cemetery Fund.

**CITY OF MACON, MISSISSIPPI**  
**Notes to Financial Statement**

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**Fund Accounting (Continued)**

**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 are the Electric System and the Water and Sewer Department. The Electric System operates under the Tennessee Valley Authority and is accounted for and reported on separately with a fiscal year end of June 30.

**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 MACON, MISSISSIPPI**  
**Notes to Financial Statement**

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**Accumulated Unpaid Vacation, Sick Pay, and Other Employee Benefit Accounts**

For proprietary funds (including Macon Electric and Water and Sewer) the City of Macon, Mississippi records expense and liability for compensated absences as the benefit is earned. Because the focus of the General Fund is “spendable resources” the expenditure is not recorded until the liability is discharged. However, the obligation is recorded in the Schedule of Long-Term Debt as the benefit is earned by the employees. The City of Macon, Mississippi’s policy on annual leave is it must be taken within the year accrued. Except for certain situations, five workdays may be carried over into the next year. The carryover of annual leave is immaterial; therefore it is not recorded in the Schedule of Long-Term Debt.

**Note 2 - Cash and Other Deposits**

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 \$933,979 on September 30, 2019, and the total of all bank balances was \$970,275.

**Note 3 - 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 4 - Joint Ventures**

The City of Macon, Mississippi entered into an agreement on November 8, 1994, with the Golden Triangle Regional Solid Waste Management Authority. This authority was organized under laws of the state of Mississippi (Section 17-17-301 et seq. Ms. Code of 1972 as amended).

The authority’s purpose is to operate and maintain a landfill facility. The project was permitted by DEQ in December, 1994. The City of Macon, Mississippi’s share of expense and liability is based on a pro rata share of waste tonnage. The other members of the Authority are Noxubee County, City of West Point, Clay County, City of Columbus, Lowndes County, City of

**CITY OF MACON, MISSISSIPPI**  
**Notes to Financial Statement**

**Note 4 - Joint Ventures (Continued)**

Starkville, Oktibbeha County, City of Eupora, Webster County, the Town of Ackerman and Choctaw County.

The City of Macon, Mississippi entered into an inter-local cooperative agreement with Noxubee County, Mississippi and Noxubee County School District on December 11, 2007, to develop and operate the Noxubee Sportsplex. The agreement shall be governed by and construed in accordance with the laws of the State of Mississippi, specifically Sections 17-13-1 et seq., Mississippi Code of 1972, Annotated, as amended, being the Interlocal Government Cooperation Act of 1974, as amended. The parties have agreed to cooperate in the development of the Noxubee Sportsplex that is to be completed in two stages over a period of approximately two years with financial and in-kind contributions from each party. The board of Aldermen of the City of Macon agrees to commit \$50,000 for the first stage and \$50,000 for the second stage plus five years of maintenance and grounds keeping for the ball fields located on the Sportsplex valued at approximately \$50,000 for a five year period. A Board of Governors consisting of five persons will be appointed by the three governmental entities to serve as a joint board for the cooperative undertaking contained in the interlocal agreement. Two members shall be appointed by the Board of Education of Noxubee County, two members shall be appointed by the Board of Supervisors of Noxubee County and one member shall be appointed by the City of Macon. The appointees shall be elected or appointed members of their respective governmental bodies. The two year budget for constructing the Sportsplex, including in-kind services, totals \$1,050,000.

The City of Macon's total contribution to the project is \$150,000 with \$50,000 paid on February 1, 2008, \$50,000 on or before February 1, 2009, and the balance of \$50,000 to be satisfied with in-kind services consisting of maintenance and grounds keeping for the ball fields for the first five years of operation. In the event of a shortfall in the construction or operation of the Sportsplex, the shortfall will be covered as follows: Noxubee County 29%, City of Macon 14% and the Noxubee School District 57%. In the event of a profit from the operation of the Sportsplex, the entities may decide to invest all profits back into the Sportsplex; however, each entity reserves the right to withdraw profits based on the following percentages: Noxubee County 29%, City of Macon 14% and the Noxubee School District 57%. In the event that this agreement is not fulfilled or is cancelled in the future, it is understood that the entire ball field complex will be forfeited to the Noxubee County School District. The \$100,000 cash contribution of the City of Macon will be repaid in five equal annual installments of \$20,000 with the first payment being due six months after the complex is turned over to the Noxubee County School District and the remaining payments being due on the anniversary of that date.

On March 1, 2016, Noxubee County School System, Noxubee County Board of Supervisors, and the City of Macon, with respect to Noxubee County Sportsplex agreed that Noxubee County School System will pay the City of Macon \$34,200 after July 1, 2016, for City of Macon's agreement to maintain the Sportsplex for one year. The Noxubee County Board of Supervisors will pay the City of Macon \$17,400 after October 1, 2016 for the City of Macon's agreement to

**CITY OF MACON, MISSISSIPPI**  
**Notes to Financial Statement**

**Note 4 - Joint Ventures (Continued)**

maintain the Sportsplex for one year. The City of Macon will maintain and bear all responsibility and expenses of maintenance of the Sportsplex for the period of one year. Noxubee County Board of Supervisors satisfied their agreement on March 9, 2016, and Noxubee County School System satisfied its agreement on September 23, 2016.

**Note 5 - Risk Management**

The City of Macon, 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 Macon, 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.

**Note 6 - 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.

**CITY OF MACON, MISSISSIPPI**  
**Notes to Financial Statement**

**Note 6 – Property Tax (Continued)**

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 Noxubee 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 7 - 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 July 28, 2020, the date the financial statements were available to be issued, and determined the following events required disclosure:

Since the advent of the COVID-19 pandemic in January 2020, the City has maintained relative operating normalcy. To date, national COVID-19 related regulation has not adversely impacted operations. Per discussion with the City Clerk, collections from court fines are slightly down since the beginning of the outbreak, though collections had been greater than normal in the months preceding the pandemic. Additionally, the City has had no ongoing projects that have been impacted by the pandemic. As of the date of the audit report, management declines to speculate on when a return to pre-COVID-19 operations will occur, but does not anticipate a material impact on normal operations for the City.



## **SUPPLEMENTAL INFORMATION**

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

<b>Ownership</b>	<b>Type of Investment</b>	<b>Interest Rate</b>	<b>Acquisition Date</b>	<b>Maturity Date</b>	<b>Other Information</b>	<b>Investment Cost/Value</b>
Special Revenue Fund	Certificate of Deposit	0.30%	3/21/2019	3/21/2020	BankFirst Financial Services	<u>\$ 10,000</u>
<b>Total Investments</b>						<u>\$ 10,000</u>

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

	<b>Balance</b> <b>10/1/2018</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance</b> <b>9/30/2019</b>
<b>Governmental activities:</b>				
Buildings	\$ 205,645	-	-	205,645
Vehicles, machinery, and equipment	94,042	1,459	-	95,501
Infrastructure	6,503,456	133,476	-	6,636,932
Total Governmental activities capital assets	<u>6,803,143</u>	<u>134,935</u>	<u>-</u>	<u>6,938,078</u>
 <b>Business-type activities:</b>				
Buildings	\$ 200,027	-	-	200,027
Vehicles, machinery, and equipment	437,409	3,029	-	440,438
Infrastructure	13,655,290	640,149	-	14,295,439
Construction in process	177,593	-	167,588	10,005
Total Governmental activities capital assets	<u>14,470,319</u>	<u>643,178</u>	<u>167,588</u>	<u>14,945,909</u>

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

<b>Definition and Purpose</b>	<b>Balance Outstanding 10/1/2018</b>	<b>Issued</b>	<b>Retired</b>	<b>Balance Outstanding 9/30/2019</b>
<b>General Obligation Bonds:</b>				
G O Bonds - 2015	\$ 1,296,000		125,000	1,171,000
<b>Revenue Bonds:</b>				
W & S Revenue Bond - 1999	453,838		22,748	431,090
W & S Revenue Bond - 2003	630,432		21,967	608,465
<b>Other Long-term Debt:</b>				
Capital Improvements-				
Sewer Improvements (Phase 1)	209,414		14,901	194,513
Capital Improvements-				
Sewer Improvements (Phase 2)	341,092		18,006	323,086
USDA Rural Development Loan	27,855		2,779	25,076
Totals	\$ 2,958,631	-	205,401	2,753,230

All liabilities of the City of Macon, Mississippi except for Revenue Bonds are secured by the full faith and credit of the municipality.

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

<b>Name</b>	<b>Position</b>	<b>Surety</b>	<b>Bond Amount</b>
Robert Boykin	Mayor	Western Surety	\$ 100,000
Thomas Campbell	Alderman	MS Muni Bond Prog.	\$ 50,000
Willie Dixon, Jr.	Alderman	MS Muni Bond Prog.	\$ 50,000
Phillip McGuire	Alderman	MS Muni Bond Prog.	\$ 50,000
Earnest Harmon	Alderman	MS Muni Bond Prog.	\$ 50,000
Patrick Hopkins	Alderman	MS Muni Bond Prog.	\$ 50,000
Beverly Shelton	City Clerk	Western Surety	\$ 50,000
Peggy Brown	Deputy City Clerk	Travelers	\$ 50,000
Yolanda Atkins	Court Clerk	Western Surety	\$ 50,000
Rulena Brown	Court Clerk Assistant	Travelers	\$ 50,000
Casandra Dew	Deputy Clerk	Travelers	\$ 50,000
Lucious Mason	Police Chief	Western Surety	\$ 50,000
Jerry Ledbetter	Water Dept. Supt.	Travelers	\$ 50,000
Twanda Sanders	Water Dept. Manager	Travelers	\$ 50,000
Annie Johnson	Water Dept. Clerk	Travelers	\$ 50,000
Janice Harlan	Water Dept. Clerk	Western Surety	\$ 50,000
Lenore Welch	Water Dept. Clerk	Travelers	\$ 50,000
Robert Phinizee	Water Dept. Operator	Western Surety	\$ 50,000
Anthony Little	Water Dept. Operator	Travelers	\$ 50,000
Gregory Cole	Water Dept. Operator	Western Surety	\$ 50,000
Jeremy Campbell	Water Dept. Operator	Travelers	\$ 50,000
Frederick Brown	Water Dept. Operator	Travelers	\$ 50,000



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

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

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

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

We have audited the Combined Statement of Cash Receipts and Disbursements and supplemental information of the City of Macon, Mississippi, as of and for the year ended September 30, 2019, and have issued our report dated July 28, 2020. We have conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*.

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

The results of those procedures and our audit of the Combined Statement of Cash Receipts and Disbursements and supplemental information disclosed instances of noncompliance with state laws and regulations and which are described in the accompanying schedule of findings and responses (Finding 2019-01).

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.

Macon, Mississippi  
July 28, 2020

*Watkins Ward and Stafford, PLLC*



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

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

**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 Macon  
Macon, 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 Macon, Mississippi for the year ended September 30, 2019, and the related notes to the financial statement, and have issued our report thereon dated July 28, 2020.

**Internal Control Over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and responses, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

*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. We consider the deficiency described in the accompanying schedule of findings and responses as items to be a material weakness (Finding 2019-02).

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 deficiency described in the accompany schedule of findings and responses to be a significant deficiency (Finding 2019-03).

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Macon, 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*.

### **City of Macon, Mississippi's Response to Findings**

The City of Macon, Mississippi's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The City of Macon, 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 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.

Macon, Mississippi  
July 28, 2020

*Watkins Ward and Stafford, PLLC*



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

**Section 1: Summary of Auditors' Results**

1. Type of auditors' report issued on the financial statements:  
Unmodified
2. Internal control over financial reporting:
  - a. Material weakness identified? Yes
  - b. Significant deficiency identified? Yes
3. Noncompliance material to the financial statements noted? Yes

**Section 2: Compliance Findings**

**2019-01: Police Chief Surety Bond Expired Prior to Year-End**

**Finding**

The City did not renew its surety bond for the police chief when it expired, causing the police chief to not have coverage as of end of the September 30, 2019 fiscal year-end.

**Recommendation**

We recommend that the City renew the policy in question and more closely monitor the expiration dates of this and other policies to ensure that there are no further lapses in coverage.

**Response**

The City has renewed the previously expired surety bond and will ensure that its sureties are renewed in a timely manner in the future.

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

**Section 3: Financial Statement Findings**

**2019-02: Internal Controls over Court Fine Receipts (Material Weakness)**

**Finding**

Audit procedures revealed that court fines recorded as receipts on the books did not always agree with the amount that was deposited to the bank. Per discussion with management in regard to internal controls, it was noted that the deputy clerk of the police department was in charge of receiving, posting, and depositing of court fines. These functions should not be performed by the same individual.

**Recommendation**

Auditors requested that the Mayor inform the Board of Aldermen of the suspected fraud and obtain their approval to contact the State Auditor's Office. Proper segregation of duties should also be implemented to ensure that a separate individual is in charge of depositing the receipts of court fines.

**Response**

The Board of Aldermen has contacted the State Auditor's Office about the suspected fraud. Proper internal control procedures and segregation of duties have been discussed with clerks at City Hall, and the City has agreed to reassign responsibilities accordingly. The clerks also plan to keep old receipt books in a secure location for future reference.

**2019-03: Internal Controls over Proprietary Fund Capital Expenditures (Significant Deficiency)**

**Finding**

Capital projects for the City of Macon Water Department are accounted for in the capital project fund of the City of Macon and are transferred to the proprietary fund with an adjusting journal entry that we recommend. In accordance with Governmental Auditing and Accounting Standards, it is inappropriate to account for proprietary fund capital expenditures in a capital projects fund of the City.

**Recommendation**

Capital projects for the City of Macon Water Department should be accounted for in the proprietary fund in accordance with Governmental Auditing and Accounting Standards.

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

**Section 3: Financial Statement Findings (continued)**

**Response**

The City will continue to account for capital project expenditures of the Macon Water Department in the City's capital project fund in order for the Mayor to closely monitor the accounting for the Water Department's sewer projects.