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TOWN OF NEW AUGUSTA, MISSISSIPPI
TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditors' Report	3
Statement of Cash Receipts and Disbursement – Entity-Wide	5
Statement of Cash Receipts and Disbursements – Governmental and Enterprise Funds	6
Notes to Financial Statements	8
Required Supplementary Information	
Budgetary Comparison Schedule – General Fund	14
Other Supplementary Information	
Schedule of Investments	15
Schedule of Capital Assets	16
Schedule of Long-Term Debt	17
Schedule of Surety Bonds of Municipal Officials	18
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>	20
Report on Compliance with State Laws and Regulations	23
Schedule of Findings & Responses	25

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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 cash basis financial statements of the governmental activities, the business-type activities, and each major fund of the Town of New Augusta, Mississippi, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting, as described in Note 1 of the financial statements; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due 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 cash basis financial position of the governmental activities, the business-type activities, and each major fund

of the Town of New Augusta, Mississippi, as of September 30, 2020, and the respective changes in cash basis financial position for the year then ended in accordance with the cash basis of accounting described in Note 1.

Other Matters

Management's Discussion and Analysis

The Town of New Augusta, Mississippi has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison – General Fund on page 14, which is the responsibility of management, is presented for purposes of additional analysis to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplemental 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 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, and 18, are presented for purposes of additional analysis and are not a required part of the basic financial statements. These schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These schedules 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.



KING CPA, PLLC
July 30, 2021

TOWN OF NEW AUGUSTA
Statement of Cash Receipts and Disbursements
Entity-Wide
For the Year Ended September 30, 2020

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
Governmental activities:						
General government	\$ 140,043	\$ 10,209	\$ 5,000	\$ -	\$ (124,834)	\$ (124,834)
Court	52,583	9,250			(43,333)	(43,333)
Public safety-police	91,144				(91,144)	(91,144)
Public safety-fire	22,419	11,235	13,012		1,828	1,828
Public works-street	40,026				(40,026)	(40,026)
Culture & recreation-library	4,763				(4,763)	(4,763)
Culture & recreation-park	6,898				(6,898)	(6,898)
Interest/charges on long-term debt	1,511	-	-	-	(1,511)	(1,511)
Total governmental activities	359,387	30,694	18,012	-	(310,681)	(310,681)
Business-type activities						
Water & sewer	585,917	197,695	-	378,314		(9,908)
Total business-type activities	585,917	197,695	-	378,314		(9,908)
Total	\$ 945,304	\$ 228,389	\$ 18,012	\$ 378,314	(310,681)	(320,589)
General receipts						
Property taxes					117,824	117,824
Sales taxes					140,728	140,728
Modernization use tax					17,786	17,786
Franchise taxes					32,579	32,579
Interfund transfers					(11,282)	(6,010)
Other					11,980	23,690
Unrestricted investment earnings					545	27
Total general receipts, transfers and special items					310,160	17,707
Change in Net Position (Cash)					(521)	7,799
Net Position (Cash) - beginning					223,214	38,929
Net Position (Cash) - ending					\$ 222,693	\$ 46,728
Restricted					\$ 57,475	\$ 17,186
Unrestricted					165,218	29,542
Total Net Assets					\$ 222,693	\$ 46,728

See accompanying notes and independent auditors' report.

TOWN OF NEW AUGUSTA
Statement of Cash Receipts and Disbursements
Governmental and Enterprise Funds
For the Year Ended September 30, 2020

	Governmental Funds General	Enterprise Funds Water & Sewer	Total All Funds
RECEIPTS:			
General property taxes, penalties & interest	\$ 117,824	\$ -	\$ 117,824
franchise taxes, licenses and permits	32,579	-	32,579
State shared revenue:			
Sales tax	140,728	-	140,728
Modernization use tax	17,786	-	17,786
Homestead exemption	7,902	-	7,902
Fire	3,885	-	3,885
CDBG Grant	-	378,314	378,314
Other state revenue	2,307	-	2,307
County shared revenue:			
Fire	7,350	-	7,350
Other county revenue	5,000	-	5,000
Charges for services: water utility		197,695	197,695
Fines and forfeits:	9,250	-	9,250
Interest on investments	545	27	572
Fire donations	13,012	-	13,012
Other local receipts	11,980	23,690	35,670
Total receipts	<u>370,148</u>	<u>599,726</u>	<u>969,874</u>
DISBURSEMENTS:			
General government	140,043	-	140,043
Court	52,583	-	52,583
Police	91,144	-	91,144
Fire	22,419	-	22,419
Public works - street	41,537	-	41,537
Library	4,763	-	4,763
Park	6,898	-	6,898
Enterprises:			
Water utility operations	-	202,803	202,803
Water capital outlay (grant)	-	383,114	383,114
Total operating disbursements	<u>359,387</u>	<u>585,917</u>	<u>945,304</u>
Excess (deficiency) of receipts over disbursements	<u>10,761</u>	<u>13,809</u>	<u>24,570</u>
OTHER FINANCING SOURCES (USES)			
Other Interfund	(11,282)	(6,010)	(17,292)
Total other financing resources (uses)	<u>(11,282)</u>	<u>(6,010)</u>	<u>(17,292)</u>
Increase (decrease) cash fund balance	(521)	7,799	7,278
Cash basis fund balance - beginning	<u>223,214</u>	<u>38,929</u>	<u>262,143</u>
Cash basis fund balance - ending	<u>\$ 222,693</u>	<u>\$ 46,728</u>	<u>\$ 269,421</u>
Restricted	57,475	17,186	74,661
Unassigned	<u>165,218</u>	<u>29,542</u>	<u>194,760</u>
Total cash basis fund balance	<u>\$ 222,693</u>	<u>\$ 46,728</u>	<u>\$ 269,421</u>

See accompanying notes and independent auditors' report.

NOTES TO THE FINANCIAL STATEMENTS

TOWN OF NEW AUGUSTA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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:

TOWN OF NEW AUGUSTA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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 2019, 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

The Town must advertise and accept bids for depositories no less than once every two years as required by Section 27-105-363 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, 2020

NOTE 2 - CASH AND CASH EQUIVALENTS (continued)

Cash and Cash Equivalents

The carrying amount of the municipality's deposits with financial institutions reported in the governmental funds and business-type activities was \$250,015 and \$60,900, respectively. The bank balance was \$270,901 for governmental funds and \$60,485 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, 2020, 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 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 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, respectfully. 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, 2020

NOTE 4 – BONDS PAYABLE (Continued)

The following is a schedule of limitations on the indebtedness of the Town at September 30, 2020:

<u>Authorized Debt Limit</u>	<u>15 Percent</u>	<u>20 Percent</u>
Assessed valuation of fiscal year ended September 30, 2020	\$ 3,685,673	\$ 552,851 \$ 737,135
Present debt subject to 15% limitation	-	-
Present debt subject to 20% limitation including debt subject to 15% limitation	-	(57,045)
Margin for further debt under respective debt limits	<u>\$ 552,851</u>	<u>\$ 680,090</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 17.40% 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, 2020, 2019, and 2018, were \$39,736, \$37,892, and \$34,584, 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, 2020

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, 2020 the Town of New Augusta’s liability for compensated absences is approximately \$9,812 based on 558 accumulated vacation hours.

B. Net Pension Liability

As of September 30, 2020, the Town of New Augusta’s share of the total net pension liability is approximately \$655,877 based on proportionate share of 0.003388%.

NOTE 8 – SUBSEQUENT EVENTS

Events that occur after the Statement of Net Position 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 Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure. Management evaluated the activity through July 30, 2021 and determined that no subsequent event has occurred that requires disclosure.

SUPPLEMENTAL INFORMATION

TOWN OF NEW AUGUSTA
Budgetary Comparison Schedule – General Fund
For the Year Ended September 30, 2020

	Budgeted Amounts		Actual	Variances	
				Positive (Negative)	
	Original	Final	(Budgetary Basis)	Original to Final	Final to Actual
RECEIPTS					
Property taxes	\$ 110,000	\$ 110,000	\$ 117,824	\$ -	\$ 7,824
License and permits	31,100	31,100	32,579	-	1,479
Intergovernmental revenues	158,100	158,100	159,895	-	1,795
Fines and forfeitures	11,000	11,000	9,250	-	(1,750)
Miscellaneous	28,400	28,400	50,600	-	22,200
TOTAL RECEIPTS	338,600	338,600	370,148	-	31,548
EXPENDITURES					
General government	129,050	129,050	140,043	-	(10,993)
Court	44,900	44,900	52,583	-	(7,683)
Public safety-police	107,500	107,500	91,144	-	16,356
Public safety-fire	20,000	20,000	22,419	-	(2,419)
Public works-street	40,000	40,000	41,537	-	(1,537)
Parks	11,000	11,000	6,898	-	4,102
Library	3,700	3,700	4,763	-	(1,063)
TOTAL EXPENDITURES	356,150	356,150	359,387	-	(3,237)
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(17,550)	(17,550)	10,761	-	28,311
NET CHANGE IN CASH BALANCE	\$ (17,550)	\$ (17,550)	10,761	\$ -	\$ 28,311
Adjustments to Cash Basis					
Revenue			-		
Expense			(11,282)		
NET CHANGE IN CASH BALANCE			(11,282)		
CASH BALANCE-BEGINNING			223,214		
CASH BALANCE-ENDING			\$ 222,693		

See accompanying notes and independent auditors' report.

TOWN OF NEW AUGUSTA
Schedule of Investments
For the Year Ended September 30, 2020

<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	\$ 42,103
General Fund	Certificate of Deposit	0.15%	12 month	Trustmark Bank	\$ 2,025
General Fund	Certificate of Deposit	0.20%	18 month	Trustmark Bank	<u>\$ 102,583</u>
Total Investments					<u><u>\$ 146,711</u></u>

See accompanying notes and independent auditors' report.

TOWN OF NEW AUGUSTA
Schedule of Investments
For the Year Ended September 30, 2020

<u>Governmental Activities</u>	<u>Balance 10/1/2019</u>	<u>Adjustments</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 9/30/2020</u>
Capital assets:					
Land	\$ 18,000	\$ -	\$ -	\$ -	\$ 18,000
Buildings	245,163	-	-	-	245,163
Automobiles	287,972	-	-	-	287,972
Equipment	319,314	-	-	-	319,314
Total Governmental Activities capital assets	\$ 870,449	\$ -	\$ -	\$ -	\$ 870,449
Accumulated Depreciation	486,930	-	38,000	-	\$ 524,930
Total Governmental activities net assets	\$ 383,519	\$ -	\$ 38,000	\$ -	\$ 345,519
<u>Business-type Activities</u>					
Capital assets:					
Construction in Progress	\$ 41,225	\$ -	\$ -	\$ 41,225	\$ -
Water and Sewer System	1,760,752	-	424,339	-	2,185,091
Automobiles	28,914	-	-	-	28,914
Equipment	7,550	-	-	-	7,550
Total Business-type activities capital assets	\$ 1,838,441	\$ -	\$ 424,339	\$ 41,225	\$ 2,221,555
Accumulated Depreciation	307,540	-	81,907	-	389,447
Total Business-type activities net assets	\$ 1,530,901	\$ -	\$ 506,246	\$ -	\$ 1,832,108

See accompanying notes and independent auditors' report

TOWN OF NEW AUGUSTA
Schedule of Long-Term Debt
For the Year Ended September 30, 2020

	BALANCE <u>October 1, 2019</u>	ISSUED	REDEEMED	BALANCE <u>September 30, 2020</u>	INTEREST PAID	TOTAL PAYMENTS
HANCOCK BANK						
LEASE PURCHASE						
\$82,606, 60 MONTHS 2.460%, BEG 7/6/17						
MONTHLY PAYMENT \$799.56	\$ 65,129	\$ -	\$ 8,084	\$ 57,045	\$ 1,511	\$ 9,595
BALLOON PAYMENT \$42,500 7/7/2022						

See accompanying notes and independent auditors' report

TOWN OF NEW AUGUSTA
Schedule of Surety Bonds for Municipal Officials
For the Year Ended September 30, 2020

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	RLI Insurance Company	LSM1311329	2/26/21-2/26/22
	Deputy Court Clerk	\$ 50,000	RLI Insurance Company	LSM1311327	2/26/20-2/26/21
Jessica Herring	Deputy City Clerk	\$ 50,000	Old Republic Surety Company	LPO-2107958	INDEFINITE
	Court Clerk	\$ 50,000	Old Republic Surety Company	LPO-2107945	INDEFINITE
Christy Carona	Police Chief	\$ 50,000	Old Republic Surety Company	W150375536	4/7/21-4/7/22

See accompanying notes and independent auditors' report

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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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, 2020, 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 July 30, 2021.

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 2020-1 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

July 30, 2021

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

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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, 2020 and have issued our report dated July 30, 2021. 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
July 30, 2021

SCHEDULE OF FINDINGS AND RESPONSES

**TOWN OF NEW AUGUSTA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

Section 1: Financial Statement Findings

2020-01 – 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.