

OFFICE OF THE STATE AUDITOR REPORT NOTE:

Section 7-7-211, Mississippi Code Annotated (1972) gives the Office of the State Auditor the authority to audit, with the exception of municipalities, any governmental entity in the state. In the case of municipalities, *Section 21-35-31, Mississippi Code Annotated (1972)* requires municipalities to obtain an annual audit performed by a private CPA firm and submit that audit report to the Office of the State Auditor. The Office of the State Auditor files these audit reports for review in case questions arise related to the municipality.

As a result, the following document was not prepared by the Office of the State Auditor. Instead, it was prepared by a private CPA firm and submitted to the Office of the State Auditor. The document was placed on this web page as it was submitted and no review of the report was performed by the Office of the State Auditor prior to finalization of the report. 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, 2022

City of Macon, Mississippi

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INDEPENDENT AUDITORS' REPORT

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

Opinions

We have audited the accompanying Statement of Cash Receipts and Disbursements All Funds Excluding the Electric Proprietary Fund – Cash Basis of the City of Macon, Mississippi, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise of the City of Macon, Mississippi's financial statement as listed in the table of contents.

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 fund of the City of Macon, Mississippi for the year then ended September 30, 2022, in accordance with the cash basis of accounting described in Note 1.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Macon, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statement is prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As discussed in Note 1, the financial statements referred to above include the governmental funds, one proprietary fund, and fiduciary fund of the City of Macon, Mississippi.

This financial statement does not include financial data for the City of Macon, Mississippi's legally separate component unit of the electric proprietary fund, which accounting principles generally accepted in the United States of America require to be reported with the financial data of the City of Macon, Mississippi's primary government. As a result, the primary government financial statements do not purport to, and do not, present fairly the financial position of the reporting entity of the City of Macon, Mississippi, as of September 30, 2022, the changes in its financial position, or, where applicable, its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the cash basis of accounting described in Note 1, and for determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Macon's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Macon's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Other Information

Management is responsible for the other information included in the annual report. The other information comprises of the schedule of capital assets, long-term debt, schedule of investments, and schedule of surety bonds for municipal officials but does not include the financial statement and our auditors' report thereon. Our opinion on the financial statement does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statement, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statement, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2024 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 solely 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 the effectiveness of City of Macon's 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.

Starkville, Mississippi
March 26, 2024

Watkins Ward and Stafford, PLLC

CITY OF MACON, MISSISSIPPI
Statement Of Cash Receipts And Disbursements - Cash Basis All Funds
- Excluding The Electric Proprietary Fund
For The Year Ended September 30, 2022

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Proprietary Fund</u>	<u>Fiduciary Fund</u>
Receipts						
General Property Taxes	\$ 610,561			\$ 207,324		
Penalties and interest on delinquent taxes	1,089					
Licenses and permits	12,325					
In lieu of taxes/franchise taxes:						
Four-County	5,323					
Atmos Gas	7,990					
Mississippi Cable	1,215					
Tennessee Valley Authority	23,117					
Macon Electric Department	130,426					
Mississippi Housing Authority	1,009					
Intergovernmental Revenues:						
Federal Revenue:						
Justice Assistance Grant	-					
FAA Airport Grant	29,000		-			
American Rescue Plan Act Grant	297,596					
Local Shared Revenues:						
County allocations	78,506					
State Shared Revenues:						
State grants	34,012		274,589			
Sales tax	651,994					
Homestead reimbursement	44,742					
Liquor privilege tax	2,700					
Gasoline tax	7,804					
Charges for Services:						
Water Utility					1,100,771	
Refuse collection	249,569					
Fines and forfeitures	13,351					
Interest	1,424		269	107		91
Rents and royalties	139,159					
Perpetual care and sale of lots						10,850
Sportsplex supplement	34,200					
Miscellaneous	94,940					
Total Receipts	<u>2,472,052</u>	<u>-</u>	<u>274,858</u>	<u>207,431</u>	<u>1,100,771</u>	<u>10,941</u>

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

CITY OF MACON, MISSISSIPPI
Statement Of Cash Receipts And Disbursements - Cash Basis All Funds
- Excluding The Electric Proprietary Fund
For The Year Ended September 30, 2022

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Proprietary Fund</u>	<u>Fiduciary Fund</u>
Disbursements:						
General government	\$ 664,836		11,292			
Public safety:						
Police	647,459					
Fire	51,837					
Public works	536,937		37,580			
Health and welfare	221,975					
Culture and recreation	143,263					
Maintenance	57,933		50,504			16,863
Enterprise:						
Water Utility					930,007	
Interest on Bonds				20,733	29,368	
Total Disbursements	<u>2,324,240</u>	<u>-</u>	<u>99,376</u>	<u>20,733</u>	<u>959,375</u>	<u>16,863</u>
Excess (deficit) of receipts over disbursements	<u>147,812</u>	<u>-</u>	<u>175,482</u>	<u>186,698</u>	<u>141,396</u>	<u>(5,922)</u>
Other Financing Sources (Uses):						
Bonds Retired				(138,000)	(93,633)	
Capital Outlay	(33,623)				(83,614)	(11,000)
Loans and Transfers	341,517		100			
Total Other Financing Sources (Uses)	<u>307,894</u>	<u>-</u>	<u>100</u>	<u>(138,000)</u>	<u>(177,247)</u>	<u>(11,000)</u>
Excess (deficit) of receipts and other financing sources over disbursements and other financing uses	<u>455,706</u>	<u>-</u>	<u>175,582</u>	<u>48,698</u>	<u>(35,851)</u>	<u>(16,922)</u>
Cash Balance - Beginning of Year,	<u>918,078</u>	<u>15,622</u>	<u>155,933</u>	<u>135,038</u>	<u>579,344</u>	<u>60,233</u>
Cash Balance - End of Year	<u>\$ 1,373,784</u>	<u>15,622</u>	<u>331,515</u>	<u>183,736</u>	<u>543,493</u>	<u>43,311</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 been issued.

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 Funds are used to account for the acquisition of fixed assets or construction of major capital projects not being financed by Proprietary or Nonexpendable Trust Funds. The Capital Projects Funds are the Street Bond Fund, Infrastructure Act Fund, and Project Fund.

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, in compliance with the requirements of 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 basis, in compliance with the requirements of 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.

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.

CITY OF MACON, MISSISSIPPI
Notes to Financial Statement

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. All of the City's funds eligible to be included in the state's collateral pool program were properly included and were fully collateralized as of September 30, 2022.

The carrying amount of the City's deposits with financial institutions was \$2,491,461 on September 30, 2022, and the total of all bank balances was \$2,529,903.

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 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 agreed to cooperate in the development of the Noxubee Sportsplex that was 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 agreed 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

CITY OF MACON, MISSISSIPPI
Notes to Financial Statement

Note 4 - Joint Ventures (Continued)

was appointed by the three governmental entities to serve as a joint board for the cooperative undertaking contained in the interlocal agreement. Two members were appointed by the Board of Education of Noxubee County, two members were appointed by the Board of Supervisors of Noxubee County and one member was 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, totaled \$1,050,000.

The City of Macon's total contribution to the project was \$150,000 with \$50,000 paid on February 1, 2008, \$50,000 on February 1, 2009, and the balance of \$50,000 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 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 would 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 agreed to pay the City of Macon \$17,400 after October 1, 2016 for the City of Macon's agreement to maintain the Sportsplex for one year. The City of Macon maintained and bore 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.

CITY OF MACON, MISSISSIPPI
Notes to Financial Statement

Note 5 - Risk Management (Continued)

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, 2022, 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.

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.

CITY OF MACON, MISSISSIPPI
Notes to Financial Statement

Note 8 – Commitments & Contingencies

Since the advent of the COVID-19 pandemic in March 2020, the City has maintained relative operating normalcy. To date, national COVID-19 related regulation has not adversely impacted operations. 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.

Note 7 - Subsequent Events

Events that occur after the Statement of Cash Receipts and Disbursements All Funds Excluding the Electric Proprietary Fund – Cash Basis 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 Cash Receipts and Disbursements All Funds Excluding the Electric Proprietary Fund – Cash Basis date are recognized in the accompanying financial statement. Subsequent events which provide evidence about conditions that existed after the Statement of Cash Receipts and Disbursements All Funds Excluding the Electric Proprietary Fund – Cash Basis date require disclosure in the accompanying notes. The City has evaluated subsequent events through March 26, 2024, the date the financial statements were available to be issued, and determined that there were no subsequent events requiring disclosure.

SUPPLEMENTARY INFORMATION

CITY OF MACON, MISSISSIPPI
Schedule of Investments – All Funds
For the Year Ended September 30, 2022

Ownership	Type of Investment	Interest Rate	Acquisition Date	Maturity Date	Other Information	Investment Cost/Value
Special Revenue Fund	Certificate of Deposit	0.25%	3/21/2022	3/21/2023	BankFirst Financial Services	<u>\$ 10,000</u>
Total Investments						<u>\$ 10,000</u>

CITY OF MACON, MISSISSIPPI
Schedule of Capital Assets
For the Year Ended September 30, 2022

	<u>Balance</u> <u>9/30/2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>9/30/2022</u>
Governmental activities:				
Buildings	\$ 205,645	-	-	\$ 205,645
Vehicles, machinery, and equipment	113,424	-	-	113,424
Infrastructure	6,653,546	-	-	6,653,546
Total Governmental activities capital assets	<u>\$ 6,972,615</u>	<u>-</u>	<u>-</u>	<u>\$ 6,972,615</u>
 Business-type activities:				
Buildings	\$ 200,027	-	-	\$ 200,027
Vehicles, machinery, and equipment	523,658	-	-	523,658
Infrastructure	14,474,281	83,614	-	14,557,895
Total Governmental activities capital assets	<u>\$ 15,197,966</u>	<u>83,614</u>	<u>-</u>	<u>\$ 15,281,580</u>

CITY OF MACON, MISSISSIPPI
Schedule of Long-Term Debt
For the Year Ended September 30, 2022

Definition and Purpose	Balance Outstanding 9/30/2021	Issued	Retired	Balance Outstanding 9/30/2022
General Obligation Bonds:				
G O Bonds - 2015	\$ 907,000		138,000	\$ 769,000
Revenue Bonds:				
W & S Revenue Bond – 1999	382,226		382,226	-
W & S Revenue Bond – 2003	561,458		561,458	-
W & S Revenue Bond – 2021	-	904,100		904,100
Other Long-term Debt:				
Capital Improvements-				
Sewer Improvements (Phase 1)	163,894		15,858	148,036
Capital Improvements-				
Sewer Improvements (Phase 2)	286,136		19,176	266,960
USDA Rural Development Loan	19,015		19,015	-
Totals	<u>\$ 2,319,729</u>	<u>904,100</u>	<u>1,135,733</u>	<u>\$ 2,088,096</u>

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, 2022

Name	Position	Surety	Bond Amount
Phillip McGuire	Mayor	Travelers	\$ 50,000.00
Thomas Campbell	Alderman	Travelers	\$ 50,000.00
Earnest Harmon	Alderman	Travelers	\$ 50,000.00
Patrick Hopkins	Alderman	Travelers	\$ 50,000.00
Travonder Dixon	Alderman	Travelers	\$ 50,000.00
Beverly Hunter	Alderman	Travelers	\$ 50,000.00
Peggy Brown	Clerk	Travelers	\$ 50,000.00
Lisa Ricks	Court Clerk	Travelers	\$ 50,000.00
Casandra Henry	City Clerk	Travelers	\$ 50,000.00
Laphilbia Smith	Deputy Clerk	Travelers	\$ 50,000.00
Davine Beck	Police Chief	Travelers	\$ 50,000.00
Eddie C. Hill	Assistant Police Chief	Travelers	\$ 50,000.00
Jerry Ledbetter	Water Dept. Superintendent	Travelers	\$ 50,000.00
Twanda Sanders	Water Dept. Manager	Travelers	\$ 50,000.00
Janice Harlan	Water Dept. Clerk	Western Surety	\$ 50,000.00
Annie Johnson	Water Dept. Clerk	Travelers	\$ 50,000.00
Lenore Welch	Water Dept. Clerk	Travelers	\$ 50,000.00
Lacey Johnson	Water Dept. Clerk	Travelers	\$ 50,000.00
Anthony Little	Water Dept. Operator	Travelers	\$ 50,000.00
Jeremy Campbell	Water Dept. Operator	Travelers	\$ 50,000.00
Tyrone Pope	Lineman	Travelers	\$ 50,000.00
Otis Anderson	Lineman	Travelers	\$ 50,000.00
Eboni Outlaw	Court Clerk	Travelers	\$ 50,000.00
Brantly Holdiness	Laborer	Travelers	\$ 50,000.00
Kelvin Rucker	Laborer	Travelers	\$ 50,000.00



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
Stephen D. Flake, CPA
John N. Russell, 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
Bradley L. Harrison, CPA
Justin H. Keller, 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 Statement of Cash Receipts and Disbursements All Funds Excluding the Electric Proprietary Fund – Cash Basis and supplementary information of the City of Macon, Mississippi, as of and for the year ended September 30, 2022, and have issued our report dated March 26, 2024.

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 statements are free from material misstatement.

Compliance with state laws and regulations applicable to City of Macon, Mississippi is the responsibility of the cities management. As required by the state legal compliance audit program prescribed by the Office of the State Auditor and as part of obtaining reasonable assurance about whether the financial statement is free from material misstatement, we performed tests of City of Macon, Mississippi's compliance with certain provisions of state laws and regulations. However, the objective of our audit of the financial statement was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests indicate, with respect to the items tested, the City of Macon, 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 the City of Macon, 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.

Starkville, Mississippi
March 26, 2024

Watkins Ward and Stafford, P.C.



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**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 *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 Statement of Cash Receipts and Disbursements All Funds Excluding the Electric Proprietary Fund – Cash Basis of the City of Macon, Mississippi for the year ended September 30, 2022, and the related notes to the financial statement, and have issued our report thereon dated March 26, 2024.

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) as a basis for designing 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.

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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2022-01 that we consider to be a significant deficiency.

Report on 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 financial statement. 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

Government Auditing Standards require the auditor to perform limited procedures on 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 the response.

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.

Starkville, Mississippi
March 26, 2024

Watkins Ward and Stafford, P.C.

CITY OF MACON, MISSISSIPPI
Schedule of Findings and Responses
For the Year Ended September 30, 2022

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? | No |
| b. Significant deficiency identified? | Yes |
| 3. Noncompliance material to the financial statements noted? | No |

Section 2: Financial Statement Findings

2022-01: Significant Deficiency

Condition: The city accounts for proprietary fund capital expenditures in a capital projects fund of the City.

Criteria: The city should properly account for all capital projects for the City of Macon Water Department in the proprietary fund.

Effect: The capital project fund of the City of Macon is misstated until the journal entry is recorded.

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.

Views of Responsible Officials: The administration recognizes the importance of properly accounting for the capital projects. 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.