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**CITY OF MORTON, MISSISSIPPI**  
**AUDITED FINANCIAL STATEMENTS**  
**AND**  
**SPECIAL REPORTS**

**SEPTEMBER 30, 2017**

# CITY OF MORTON, MISSISSIPPI

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CITY OF MORTON, MISSISSIPPI

FINANCIAL SECTION

# Windham and Lacey, PLLC

## *Certified Public Accountants*

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### **INDEPENDENT AUDITORS' REPORT**

Honorable Mayor and  
Members of the Board of Aldermen  
City of Morton, Mississippi

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City of Morton, Mississippi, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the 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 on the basis of cash receipts and disbursements; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion 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 and *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.

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 opinion.

## **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, each major fund and the aggregate remaining fund information of the City of Morton, Mississippi, as of September 30, 2017, and the respective changes in cash basis financial position thereof for the year then ended in accordance with the basis of accounting described in Note 1.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedules be presented 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 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.

### *Omission of Required Supplementary Information*

The City of Morton, Mississippi, has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires 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 the financial reporting for placing the basic financial statements in appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### *Supplementary and Other Information*

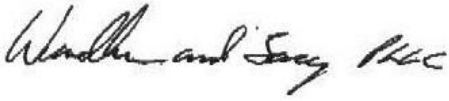
The Schedule of Changes in Long-term Debt, the Schedule of Investments - All Funds, the Schedule of Capital Assets, and the Schedule of Surety Bonds for Municipal Officials and Employees for the City of Morton, Mississippi, have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

## **Other Reporting Requirements Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated July 21, 2021, on our consideration of the City of Morton, 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 the effectiveness of the City of Morton, Mississippi'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 Morton, Mississippi's internal control over financial reporting and compliance.

**Emphasis of Matter**

As discussed in Note 1, the City of Morton, Mississippi prepares its financial statements on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

A handwritten signature in black ink, appearing to read "Windham and Lacey, PLLC".

Windham and Lacey, PLLC  
July 21, 2021



CITY OF MORTON, MISSISSIPPI

FINANCIAL STATEMENTS

CITY OF MORTON, MISSISSIPPI  
Statement of Activities and Net Cash Position - Cash Basis  
As of and for the Year Ended September 30, 2017

	Cash Disbursements	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Cash Position		
		Fines, Fees and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs							
Governmental Activities:							
General government	\$ 403,795	7,990	5,165	21,299	(369,341)		(369,341)
Public safety	987,256	139,987		32,283	(814,986)		(814,986)
Public works	360,611				(360,611)		(360,611)
Health and welfare				3,395	3,395		3,395
Culture and recreation	223,874				(223,874)		(223,874)
Economic development	416,172			416,171	(1)		(1)
Interest on long-term debt	4,344				(4,344)		(4,344)
Total Governmental Activities	<u>2,396,052</u>	<u>147,977</u>	<u>5,165</u>	<u>473,148</u>	<u>(1,769,762)</u>	<u>0</u>	<u>(1,769,762)</u>
Business-type Activities:							
Water/Sewer	<u>2,426,942</u>	<u>2,750,559</u>		<u>50,142</u>		<u>373,759</u>	<u>373,759</u>
Total Business-type Activities	<u>2,426,942</u>	<u>2,750,559</u>	<u>0</u>	<u>50,142</u>	<u>0</u>	<u>373,759</u>	<u>373,759</u>
Total Government	<u>\$ 4,822,994</u>	<u>2,898,536</u>	<u>5,165</u>	<u>523,290</u>	<u>(1,769,762)</u>	<u>373,759</u>	<u>(1,396,003)</u>
General Receipts							
Taxes:							
Property taxes					\$ 720,451		720,451
Road & bridge privilege taxes					65,442		65,442
Sales tax					509,523		509,523
Franchise taxes					104,099		104,099
Grants and contributions not restricted to specific programs					63,388		63,388
Unrestricted investment income					1,274	3,581	4,855
Miscellaneous					151,667	25,310	176,977
Proceeds from debt						72,631	72,631
Total General Receipts					<u>1,615,844</u>	<u>101,522</u>	<u>1,717,366</u>
Change in Net Cash Position					(153,918)	475,281	321,363
Net Cash Position - Beginning					<u>756,546</u>	<u>1,806,956</u>	<u>2,563,502</u>
Net Cash Position - Ending					<u>\$ 602,628</u>	<u>2,282,237</u>	<u>2,884,865</u>

(Continued)

CITY OF MORTON, MISSISSIPPI  
Statement of Activities and Net Cash Position - Cash Basis  
As of and for the Year Ended September 30, 2017

ASSETS	
Cash and cash equivalents	\$ 2,693,029
Restricted cash	<u>191,836</u>
Total Assets	\$ <u><u>2,884,865</u></u>
NET CASH POSITION	
Restricted:	
Restricted for unemployment	\$ 7,000
Restricted for meter deposits	103,564
Restricted for public safety	54,357
Restricted for public works	26,915
Unrestricted	<u>2,693,029</u>
Total Net Cash Position	\$ <u><u>2,884,865</u></u>

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

## CITY OF MORTON, MISSISSIPPI

## Statement of Cash Basis Assets and Fund Balances and

## Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances

## Governmental and Business-type Funds

As of and for the Year Ended September 30, 2017

	Governmental Activities					Business-type Activities		
	Major Funds					Major Fund		
	General Fund	Capital Improvement Project Fund	CDBG Economic Development Koch Road Improvement Funds	Non-Major Funds	Total	Water/Sewer Fund	Non-Major Business-type Fund	Total
RECEIPTS								
Ad valorem taxes	\$ 720,451				720,451			
Road and bridge tax	65,442				65,442			
License and permits	7,990				7,990			
Franchise taxes on utilities	104,099				104,099			
Intergovernmental revenues:								
Federal revenues:								
Grants	3,600			2,299	5,899		47,642	47,642
State shared revenues:								
Sales taxes	509,523				509,523			
Grants	25,787				25,787			
General municipal aid	1,726				1,726			
Fire rebate	8,250				8,250			
Grand Gulf	59,312				59,312			
Other	4,076		416,172	20,479	440,727		2,500	2,500
Charges for services:								
Garbage						225,586		225,586
Water and sewer utility						2,524,973		2,524,973
Fines and forfeits	139,987				139,987			
Interest income	1,246			28	1,274	3,412	169	3,581
Miscellaneous revenue	65,549			86,118	151,667	25,310		25,310
Total Receipts	<u>1,717,038</u>	<u>0</u>	<u>416,172</u>	<u>108,924</u>	<u>2,242,134</u>	<u>2,779,281</u>	<u>50,311</u>	<u>2,829,592</u>

(Continued)

## CITY OF MORTON, MISSISSIPPI

## Statement of Cash Basis Assets and Fund Balances and

## Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances

## Governmental and Business-type Funds

As of and for the Year Ended September 30, 2017

	Governmental Activities					Business-type Activities		
	Major Funds					Major Fund		
	General Fund	Capital Improvement Project Fund	CDBG Economic Development Koch Road Improvement Funds	Non-Major Funds	Total	Water/Sewer Funds	Non-Major Business-type Fund	Total
DISBURSEMENTS								
General government	\$ 403,422				403,422			
Public safety	941,705			500	942,205			
Public works	282,273	27,579		6,215	316,067			
Culture and recreation	145,734			75,944	221,678			
Economic development			416,172		416,172			
Water and sewer utility and cemetery:								
Personal services						752,735		752,735
Supplies						181,170		181,170
Contract services						466,840	48,864	515,704
Utilities						403,606		403,606
Other services and charges						39,882		39,882
Total Disbursements	<u>1,773,134</u>	<u>27,579</u>	<u>416,172</u>	<u>82,659</u>	<u>2,299,544</u>	<u>1,844,233</u>	<u>48,864</u>	<u>1,893,097</u>
Excess of Receipts Over								
(Under) Disbursements	<u>(56,096)</u>	<u>(27,579)</u>	<u>0</u>	<u>26,265</u>	<u>(57,410)</u>	<u>935,048</u>	<u>1,447</u>	<u>936,495</u>
OTHER CASH SOURCES (USES)								
Capital outlay	(51,381)				(51,381)	(78,006)		(78,006)
Principal paid on loan and lease purchase	(5,560)			(14,051)	(19,611)	(337,821)		(337,821)
Interest paid on loan and lease purchase	(98)			(1,265)	(1,363)	(90,952)		(90,952)
Principal paid on bonds	(21,172)				(21,172)	(26,540)		(26,540)
Interest and fiscal fees paid on bonds	(2,981)				(2,981)	(526)		(526)
Proceeds from debt						72,631		72,631
Total Other Cash Sources and (Uses)	<u>(81,192)</u>	<u>0</u>	<u>0</u>	<u>(15,316)</u>	<u>(96,508)</u>	<u>(461,214)</u>	<u>0</u>	<u>(461,214)</u>

(Continued)

CITY OF MORTON, MISSISSIPPI  
Statement of Cash Basis Assets and Fund Balances and  
Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances  
Governmental and Business-type Funds  
As of and for the Year Ended September 30, 2017

	Governmental Activities					Business-type Activities		
	Major Funds					Major Fund		
	General Fund	Capital Improvement Project Fund	CDBG Economic Development Koch Road Improvement Funds	Non-Major Funds	Total	Water/Sewer Funds	Non-Major Business-type Fund	Total
Excess (Deficiency) of Receipts and Other Cash Sources Over Disbursements and Other Cash Uses	(137,288)	(27,579)	0	10,949	(153,918)	473,834	1,447	475,281
CASH BASIS FUND BALANCE - Beginning of Year	651,748	27,579	0	77,219	756,546	1,702,643	104,313	1,806,956
CASH BASIS FUND BALANCE - End of Year	\$ 514,460	0	0	88,168	602,628	2,176,477	105,760	2,282,237
CASH BASIS ASSETS - End of Year								
Cash and cash equivalents	\$ 480,902			33,454	514,356	2,176,477	2,196	2,178,673
Restricted cash	33,558			54,714	88,272		103,564	103,564
Total Cash Basis Assets	\$ 514,460	0	0	88,168	602,628	2,176,477	105,760	2,282,237
CASH BASIS FUND BALANCES - End of Year								
Restricted:								
Restricted for unemployment compensation	\$			7,000	7,000			
Restricted for meter deposits							103,564	103,564
Restricted for public safety	33,558			20,799	54,357			
Restricted for public works				26,915	26,915			
Committed:								
Culture and recreation				14,761	14,761			
Public safety				2,047	2,047			
Unassigned	480,902	0		16,646	497,548	2,176,477	2,196	2,178,673
Total Cash Basis Fund Balances	\$ 514,460	0	0	88,168	602,628	2,176,477	105,760	2,282,237

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

CITY OF MORTON, MISSISSIPPI

Notes to Financial Statements  
For the Year Ended September 30, 2017

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

The City of Morton, Mississippi, (the City) was incorporated in 1913. The City operates under an alderman/mayor form of government and provides all of the rights and privileges provided by statute for municipalities.

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

B. Government-wide and Fund Financial Statements.

The government-wide financial statements (i.e., the Statement of Net Cash Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental receipts, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The City combines the Statement of Activities and Statement of Net Cash Position.

The Statement of Activities demonstrates the degree to which the direct disbursements of a given function or segment are offset by program receipts. *Direct disbursements* are those that are clearly identifiable with a specific function or segment. *Program receipts* include (1) receipts from customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program receipts are reported instead as *general receipts*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation.

The government-wide financial statements are reported using the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when collected and disbursements are recorded when cash is spent.

Governmental fund financial statements are reported using the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when collected and disbursements are recorded when cash is spent.

The government reports the following major Governmental Funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *capital improvement project fund* accounts for funds that are set aside to be used for capital and other projects.

CITY OF MORTON, MISSISSIPPI

Notes to Financial Statements  
For the Year Ended September 30, 2017

The *CDBG Economic Development Koch Road Improvement fund* accounts for proceeds from a grant that will be used for capital and other projects.

The government reports the following major Proprietary Fund:

The *water/sewer fund* accounts for the activities of providing water and sewer services to citizens of the City.

Amounts reported as *program receipts* include (1) receipts from customers or applicants for goods, services or privileges provided, (2) operating grants and contributions and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general receipts* rather than as program receipts.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets and Net Assets or Equity.

1. *Cash and Investments.*

The government's cash and cash equivalents are considered to be cash on hand or invested in certificates of deposit.

2. *Fund Equity.*

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the City classifies governmental fund balances as follows:

Restricted - Includes fund balance amounts that are constrained for specific purposes which are internally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and does not lapse at year-end.

Unassigned - Includes positive fund balance with the General Fund which has not been classified within the abovementioned categories and negative fund balances in other governmental funds.

The City uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the City would first use committed, then assigned, and lastly, unassigned amounts of unrestricted fund balance when expenditures are made.

(2) Cash and Cash Equivalents.

At year-end, the City's carrying amount of deposits was \$2,884,865 and the bank balance was \$3,023,896. The collateral for public entities' deposits in financial institutions are 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.



## CITY OF MORTON, MISSISSIPPI

### Notes to Financial Statements For the Year Ended September 30, 2017

**Custodial Credit Risk - Deposits and Investments:** Custodial credit risk is defined as the risk that, in the event of a failure of a financial institution, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City does not have a formal policy for custodial credit risk. However, the Mississippi State Treasury manages the risk on behalf of the City. 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 the behalf of the City. As of September 30, 2017, none of the City's bank balance of \$1,882,420 was exposed to custodial risk.

**Interest Rate Risk -** The City does not have a formal investment policy that limits investments maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk -** State law limits investments to those prescribed in Sections 27-105-33(d) and 27-105-33(e), Miss. Code Ann. (1972). The City does not have a formal investment policy that would further limit its investment choices or one that addresses credit risk.

#### (3) Defined Benefit Pension Plan.

**Plan Description:** The City of Morton, 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 Employees' Retirement System, PERS Building, at 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601) 359-3589 or 1-800-444-PERS.

**Funding Policy:** PERS members are required to contribute 9.00% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 15.75% of annual covered payroll. The contribution requirements of PERS' members are established and may be amended only by the State of Mississippi Legislature. The City's contributions to PERS for the years ended September 30, 2017, 2016 and 2015 were \$208,490, \$207,671 and \$206,762, respectively, which is equal to the required contributions for each year.

CITY OF MORTON, MISSISSIPPI

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MORTON, MISSISSIPPI  
 Budgetary Comparison Schedule -  
 Budget and Actual  
 General Fund  
 For the Year Ended September 30, 2017 - UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Ad valorem taxes	\$ 802,618	802,618	720,451	82,167
Road and bridge tax	81,000	81,000	65,442	15,558
License and permits	15,000	15,000	7,990	7,010
Franchise taxes on utilities	112,500	112,500	104,099	8,401
Intergovernmental revenues:				
Federal revenues:				
Grants			3,600	(3,600)
State shared revenues:				
Sales taxes	510,000	510,000	509,523	477
Grants			25,787	(25,787)
General municipal aid	9,000	9,000	1,726	7,274
Fire rebate			8,250	(8,250)
Grand Gulf	58,000	58,000	59,312	(1,312)
Other	2,850	2,850	4,076	(1,226)
Fines and forfeits	80,000	80,000	139,987	(59,987)
Interest income	1,000	1,000	1,246	(246)
Miscellaneous revenue	7,225	7,225	65,549	(58,324)
Total Receipts	<u>1,679,193</u>	<u>1,679,193</u>	<u>1,717,038</u>	<u>(37,845)</u>
<b>EXPENDITURES</b>				
General government	207,592	207,592	403,422	(195,830)
Public safety	977,395	977,395	941,705	35,690
Public works	358,741	358,741	282,273	76,468
Culture and recreation	135,465	135,465	145,734	(10,269)
Total Expenditures	<u>1,679,193</u>	<u>1,679,193</u>	<u>1,773,134</u>	<u>(93,941)</u>
Excess of Receipts Over (Under) Expenditures	<u>0</u>	<u>0</u>	<u>(56,096)</u>	<u>(131,786)</u>
<b>OTHER CASH SOURCES (USES)</b>				
Capital outlay			(51,381)	(51,381)
Principal paid on loan and lease purchase			(5,560)	(5,560)
Interest paid on loan and lease purchase			(98)	(98)
Principal paid on bonds			(21,172)	(21,172)
Interest paid on bonds			(2,981)	(2,981)
Total Other Cash Sources and Uses	<u>0</u>	<u>0</u>	<u>(81,192)</u>	<u>(81,192)</u>
Net Change in Cash Basis Fund Balance	0	0	(137,288)	(212,978)
Cash Basis Fund Balances - Beginning	<u>0</u>	<u>0</u>	<u>651,748</u>	<u>651,748</u>
Cash Basis Fund Balances - Ending	<u>\$ 0</u>	<u>0</u>	<u>514,460</u>	<u>438,770</u>

The accompanying notes to the required supplementary information are an integral part of this schedule.

CITY OF MORTON, MISSISSIPPI

Notes to the Required Supplementary Information  
For the Year Ended September 30, 2017  
UNAUDITED

A. Budgetary Information.

Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the Board of Aldermen of the City, using historical and anticipated fiscal data, prepares an original budget for the General Fund for said fiscal year. The completed budget for the fiscal year includes every source of revenue, each general item of expenditure, and the unencumbered cash and investment balances. When during the fiscal year it appears to the Board of Aldermen that budgetary estimates will not be met, it may make revisions to the budget.

The City's budget is prepared on the cash basis of accounting. All appropriations lapse at year-end, and there are no encumbrances to budget because state law does not require that funds be available when goods or services are ordered, only when payment is made.

B. Basis of Presentation.

The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) presents the original adopted budget, the final adopted budget, actual amounts on a budgetary (Non-GAAP) basis and variances between the final budget and the actual amounts. The schedule is presented for the General Fund.

C. Budget Reconciliation.

As discussed in Note 1, the financial statements are prepared on the basis of cash receipts and disbursements which is the same as the basis used for budget preparation.

CITY OF MORTON, MISSISSIPPI

OTHER REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MORTON, MISSISSIPPI  
Schedule of Changes in Long-term Debt  
For the Year Ended September 30, 2017 - UNAUDITED

Description	Outstanding Balance Sept. 30, 2016	Issued	Redeemed	Outstanding Balance Sept. 30, 2017
Governmental Activities:				
General obligation bonds	\$ 88,566		21,172	67,394
Obligations under capital leases payable	39,502	*	20,583	18,919
Total Governmental Activities	<u>128,068</u>	<u>0</u>	<u>41,755</u>	<u>86,313</u>
Business-type Activities:				
General obligation bonds	26,540		26,540	0
Capital improvement loans	4,121,651		329,714	3,791,937
Obligations under capital leases payable	1,460	72,631 *	7,135	66,956
Total Business-type Activities	<u>4,149,651</u>	<u>72,631</u>	<u>363,389</u>	<u>3,858,893</u>
Total Long-term Debt	\$ <u>4,277,719</u>	<u>72,631</u>	<u>405,144</u>	<u>3,945,206</u>

\* Lease for tractor/mower is paid from Governmental and Business-type Funds.

CITY OF MORTON, MISSISSIPPI  
Schedule of Investments - All Funds  
September 30, 2017 - UNAUDITED

<u>Ownership</u>	<u>Type of Investment</u>	<u>Interest Rate</u>	<u>Acquisition Date</u>	<u>Maturity Date</u>	<u>Other Information</u>	<u>Investment Cost/Value</u>
Non-restricted Investments:						
General Fund	Certificate of Deposit	0.200%	04/06/2017	04/06/2018	Bank of Morton	\$ 3,476
General Fund	Certificate of Deposit	0.250%	12/22/2017	12/22/2018	Bank of Morton	100,000
General Fund	Certificate of Deposit	0.200%	08/14/2017	08/12/2018	Priority One Bank	250,000
Morton Memorial Gardens	Certificate of Deposit	0.150%	08/22/2017	02/20/2018	Priority One Bank	10,000
Enterprise Fund	Certificate of Deposit	0.250%	01/16/2017	01/16/2018	Priority One Bank	100,000
Enterprise Fund	Certificate of Deposit	0.250%	06/17/2017	06/17/2018	Bank of Morton	210,000
Enterprise Fund	Certificate of Deposit	0.200%	05/17/2017	05/15/2018	Priority One Bank	138,000
Enterprise Fund	Certificate of Deposit	0.200%	08/28/2017	02/28/2018	Bank of Morton	100,000
Enterprise Fund	Certificate of Deposit	0.250%	01/07/2017	01/07/2018	Priority One Bank	100,000
Total Non-restricted Investments						<u>1,011,476</u>
Restricted Investments:						
Unemployment Compensation	Certificate of Deposit	0.150%	08/22/2016	02/20/2018	Priority One Bank	7,000
Enterprise Fund	Certificate of Deposit	0.150%	08/22/2016	02/20/2018	Priority One Bank	75,000
Enterprise Fund	Certificate of Deposit	0.250%	05/17/2016	05/15/2018	Priority One Bank	48,000
Total Restricted Investments						<u>130,000</u>
Total Investments						\$ <u>1,141,476</u>

CITY OF MORTON, MISSISSIPPI  
Schedule of Capital Assets  
For the Fiscal Year Ended September 30, 2017 - UNAUDITED

	Beginning Balance	Increases	Adjustments	Ending Balance
Governmental Activities:				
Capital Assets:				
Land	\$ 10,000			10,000
Buildings	937,902			937,902
Building improvements	162,833			162,833
Infrastructure	1,246,172			1,246,172
Improvements other	312,764			312,764
Mobile equipment	685,881	31,000	167,501	884,382
Furniture & equipment	139,035	20,381		159,416
Obligations under capital leases	296,861		(167,501)	129,360
Total Governmental Activities Capital Assets	\$ 3,791,448	51,381	0	3,842,829
Business-type Activities:				
Capital Assets:				
Land	\$ 47,319			47,319
Infrastructure	17,679,827			17,679,827
Improvements other	940,759			940,759
Mobile equipment	477,804	5,375	53,615	536,794
Furniture and equipment	1,173,644			1,173,644
Obligations under capital leases	53,615	72,631	(53,615)	72,631
Total Business-type Activities Capital Assets	\$ 20,372,968	78,006	0	20,450,974



CITY OF MORTON, MISSISSIPPI  
Schedule of Surety Bonds for Municipal Officials and Employees  
September 30, 2017 - UNAUDITED

<u>Name</u>	<u>Position</u>	<u>Surety Company</u>	<u>Coverage</u>
Gerald Keeton, Sr.	Mayor	MS Municipal Bond Program	\$50,000
Marie Washington	Alderwoman	MS Municipal Bond Program	\$50,000
Al J. Reeves	Alderman	MS Municipal Bond Program	\$50,000
Scott Herrod	Alderman	MS Municipal Bond Program	\$50,000
Alpha Oneida Laster	Alderwoman	MS Municipal Bond Program	\$50,000
William R. Booth	Alderman	MS Municipal Bond Program	\$50,000
Dorothy Redeemer	City Clerk	Travelers	\$50,000
Nicky Crapps	Chief of Police	Travelers	\$50,000
Police Officers	Blanket Bond	Travelers	\$50,000
Joel Davidson	Fire Chief	Travelers	\$50,000
Shannon Roberts	Fire Department Secretary	Travelers	\$50,000
Edna White	Accounts Payable Clerk	Travelers	\$50,000
Sheila Hughes	Deputy Clerk & Water Clerk	Travelers	\$100,000 * \$50,000 each
Kimberly Thornton	Court Clerk	Travelers	\$50,000

CITY OF MORTON, MISSISSIPPI

SPECIAL REPORTS

# Windham and Lacey, PLLC

## *Certified Public Accountants*

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Mississippi Society of CPAs

### **INDEPENDENT AUDITORS' 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 *GOVERNMENT AUDITING STANDARDS***

Honorable Mayor and  
Members of the Board of Aldermen  
City of Morton, Mississippi

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Morton, Mississippi, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the city's basic financial statements and have issued our report thereon dated July 21, 2021.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City of Morton, Mississippi's internal control over financial reporting to determine the auditing 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 city's internal control. Accordingly, we do not express an opinion on the effectiveness of the city's internal control.

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. However, as described in the accompanying Schedule of Finding and Response, we identified a certain deficiency in internal control that we consider to be a material weakness and a significant deficiency.

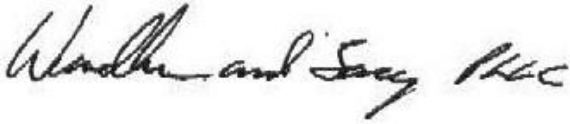
*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination 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. We consider the deficiency described in the accompanying Schedule of Finding and Response as 2017-001 to be a significant deficiency and a material weakness.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Morton, Mississippi's financial statements are free of 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 result of that testing, and not to provide an opinion on the effectiveness of the city'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 city's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, appearing to read "Windham and Lacey, PLLC". The signature is written in a cursive, flowing style.

Windham and Lacey, PLLC  
July 21, 2021

# Windham and Lacey, PLLC

## *Certified Public Accountants*

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

Honorable Mayor and  
Members of the Board of Aldermen  
City of Morton, Mississippi

We have audited the financial statements of the governmental activities, the business-type activities, the major fund and the aggregate remaining fund information of the City of Morton, Mississippi, as of and for the year ended September 30, 2017, and have issued our report thereon dated July 21, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the procedures prescribed by the Office of the State Auditor, and accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

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. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the city's compliance with these requirements. Accordingly, we do not express such an opinion.

The results of those procedures and our audit of the general purpose financial statements disclosed the following instance of noncompliance with state laws and regulations. Our finding and recommendation and your response are as follows:

#### *Finding*

##### *Annual Audit*

*Section 21-35-3, Miss. Code Ann. (1972)*, states, "The governing authority of every municipality in the state shall have the municipal books audited annually, before the close of the next succeeding fiscal year, in accordance with procedures and reporting requirements prescribed by the State Auditor."

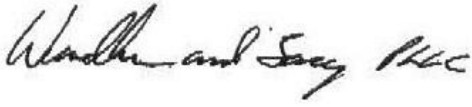
#### *Recommendation*

We recommend the City of Morton complete annual audits in a timely manner.

#### *Response*

We are aware of this issue and have taken steps to have annual audits completed.

This report is intended solely for the information and use of management and the Office of the State Auditor 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.

A handwritten signature in black ink, appearing to read "Windham and Lacey, PLLC". The signature is written in a cursive, flowing style.

Windham and Lacey, PLLC  
July 21, 2021

CITY OF MORTON, MISSISSIPPI

SCHEDULE OF FINDING AND RESPONSE

CITY OF MORTON, MISSISSIPPI

Schedule of Finding and Response  
For the Year Ended September 30, 2017

Section 1: Summary of Auditor's Results

*Financial Statements:*

- |    |   |            |
|----|---|------------|
| 1. | Type of auditor's report issued on the primary government financial statements:     | Unmodified |
| 2. | Internal control over financial reporting:  |            |
| a. | Material weakness identified?   | Yes        |
| b. | Significant deficiency identified that is not considered to be a material weakness? | No         |
| 3. | Noncompliance material to the financial statements?                                 | No         |

Section 2: Financial Statement Findings

Significant Deficiency - Material weakness

2017-001.      Accountability for Cash

Repeat Finding:    Yes

Finding

Internal controls over cash were found to be deficient because bank accounts were not reconciled in a timely manner.

This procedure is a basic internal control procedure that is necessary so that misappropriation of cash will be prevented, or detected and corrected on a timely basis.

Recommendation

The Board of Aldermen should institute procedures to ensure that the internal control noted above will be applied. This can be accomplished by having bank reconciliations prepared by the City Clerk's office monthly.

Response

The Board of Aldermen will comply with the recommendations made in this finding.