

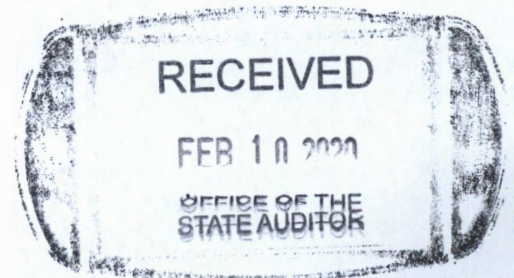


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CITY OF MOORHEAD, MISSISSIPPI

**Financial Statement and
Supplemental Information**

For the Year Ended September 30, 2018



CITY OF MOORHEAD, MISSISSIPPI
FINANCIAL STATEMENT AND SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2018

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BROWN, EWING & CO.
P.A.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor George Holland
and Honorable Members of the Board of Alderpersons
City of Moorhead, Mississippi

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Moorhead, Mississippi (the City), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

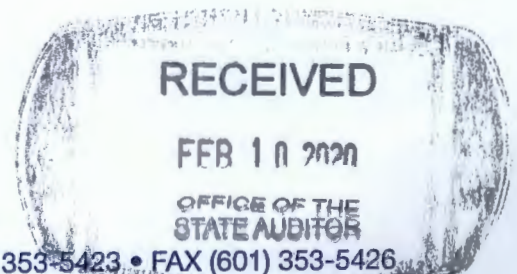
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and 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 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

As described in Note 1, the financial statements have been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash receipts and disbursements of the City of Moorhead, Mississippi, for the year ended September 30, 2018 on the basis of accounting described in Note 1.

Other Matters

Required Supplemental Information

The City of Moorhead, Mississippi, Mississippi has not presented the Management's and Discussion and Analysis or budgetary comparison information 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 the missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2020, on our consideration of the City of Moorhead, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with the *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Brown, Engle & Co.

Ridgeland, Mississippi
January 28, 2020

CITY OF MOORHEAD, MISSISSIPPI
Statement of Activities and Net Position - Cash Basis
For the Year Ended September 30, 2018

	Program Revenues			Net (Expenses) Revenues Changes in Net Position			Total
	Expenses	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Primary Government:							
Governmental activities:							
Administration	\$ 347,616	-	-	-	(347,616)	-	\$ (347,616)
Public safety	331,798	-	13,500	-	(318,298)	-	(318,298)
Public works	121,239	43,724	-	-	(77,515)	-	(77,515)
Health and welfare	256,429	-	216,631	-	(39,798)	-	(39,798)
Culture/parks and recreation	62,446	-	-	-	(62,446)	-	(62,446)
Principal payment on debt	70,234	-	-	-	(70,234)	-	(70,234)
Interest on long-term debt	11,454	-	-	-	(11,454)	-	(11,454)
Total governmental activities	<u>1,201,216</u>	<u>43,724</u>	<u>230,131</u>	<u>-</u>	<u>(927,361)</u>	<u>-</u>	<u>(927,361)</u>
Business-type activities:							
Water/Sewer	959,735	532,740	-	286,380	-	(140,615)	(140,615)
Garbage	53,076	-	-	-	-	(53,076)	(53,076)
Total Business-type activities	<u>1,012,811</u>	<u>532,740</u>	<u>-</u>	<u>286,380</u>	<u>-</u>	<u>(193,691)</u>	<u>(193,691)</u>
Total Primary Government	<u>\$ 2,214,027</u>	<u>576,464</u>	<u>230,131</u>	<u>286,380</u>	<u>(927,361)</u>	<u>(193,691)</u>	<u>\$ (1,121,052)</u>
General Revenues:							
Property taxes					\$ 387,244	-	\$ 387,244
Sales tax revenue					91,257	-	91,257
Other intergovernmental revenues					66,266	-	66,266
Franchise taxes					41,343	-	41,343
Fines and report fees					17,590	-	17,590
License and permits					8,494	-	8,494
Miscellaneous					20,565	53,067	73,632
Proceeds from long-term borrowing					-	-	-
Unrestricted investment earnings					1,155	1,570	2,725
Transfers					<u>139,746</u>	<u>268,188</u>	<u>407,934</u>
Total general revenues, special items, and transfers					<u>773,660</u>	<u>322,825</u>	<u>1,096,485</u>
Change in net assets					<u>(153,701)</u>	<u>129,134</u>	<u>(24,567)</u>
Net Position - Beginning					<u>386,708</u>	<u>377,274</u>	<u>763,982</u>
Net Position - Ending					<u>\$ 233,007</u>	<u>506,408</u>	<u>\$ 739,415</u>

CITY OF MOORHEAD, MISSISSIPPI
Balance Sheet and Net Assets - Cash Basis
Governmental Funds
For the Year Ended September 30, 2018

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalent	\$ 233,007	288,422	\$ 521,429
Cash, restricted	-	217,986	217,986
TOTAL ASSETS	<u>\$ 233,007</u>	<u>506,408</u>	<u>\$ 739,415</u>
NET ASSETS			
Restricted for debt service	\$ 70,912	146,037	\$ 216,949
Restricted for customers deposits	-	71,949	71,949
Restricted for fire protection	76,236	-	76,236
Unassigned	85,859	288,422	374,281
Total Net Assets	<u>233,007</u>	<u>506,408</u>	<u>739,415</u>
TOTAL NET ASSETS	<u>\$ 233,007</u>	<u>506,408</u>	<u>\$ 739,415</u>

CITY OF MOORHEAD, MISSISSIPPI
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Cash Basis
Governmental Funds
For the Year Ended September 30, 2018

	General Fund	Debt Service Fund	Total Governmental Funds
REVENUES:			
General property taxes	\$ 364,325	22,919	\$ 387,244
Privilege licenses and permits	8,494	-	8,494
Intergovernmental revenues	385,165	-	385,165
Franchise taxes	41,343	-	41,343
Charges for services	43,724	-	43,724
Fines and report fees	17,600	-	17,600
Interest income	892	263	1,155
Miscellaneous	23,042	-	23,042
Total Revenues	<u>884,585</u>	<u>23,182</u>	<u>907,767</u>
EXPENDITURES:			
General Government:			
Administration and finance	339,210	-	339,210
Public Safety			
Police department	283,008	-	283,008
Fire department	38,901	-	38,901
Public works	114,698	-	114,698
Health and welfare	1,470	-	1,470
Culture and recreation	62,446	-	62,446
Debt services:			
Principal	36,234	34,000	70,234
Interest and service charges	4,133	7,321	11,454
Capital outlay:			
General government	8,406	-	8,406
Public safety	9,889	-	9,889
Public works	6,541	-	6,541
Health and welfare	254,959	-	254,959
TOTAL EXPENDITURES	<u>1,159,895</u>	<u>41,321</u>	<u>1,201,216</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(275,310)</u>	<u>(18,139)</u>	<u>(293,449)</u>
OTHER CASH SOURCES (USES):			
Operating transfers in	152,553	41,312	193,865
Operating transfers out	(54,119)	-	(54,119)
Total Other Financing Sources (Uses)	<u>98,434</u>	<u>41,312</u>	<u>139,746</u>
Excess (Deficiency) of Receipts and Other Cash Sources Over Disbursements and Other Cash Uses	<u>(176,876)</u>	<u>23,173</u>	<u>(153,703)</u>
Cash Basis Fund Balance, October 1	338,971	47,739	386,710
Cash Basis Fund Balance, September 30	<u>\$ 162,095</u>	<u>70,912</u>	<u>\$ 233,007</u>
CASH BASIS FUND BALANCES - END OF YEAR			
Restricted for:			
Debt service	-	70,912	70,912
Fire protection	76,236	-	76,236
Unassigned	85,859	-	85,859
Total Fund Balances	<u>\$ 162,095</u>	<u>70,912</u>	<u>\$ 233,007</u>

CITY OF MOORHEAD, MISSISSIPPI
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund - Cash Basis
For the Year Ended September 30, 2018

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Property taxes	\$ 336,178	336,178	337,356	\$ 1,178
Homestead exemption	27,000	27,000	26,969	(31)
Licenses and permits	10,000	10,000	8,494	(1,506)
Other intergovernmental revenues	25,959	25,959	269,916	243,957
Franchise taxes	29,570	29,570	41,343	11,773
Sales tax revenue	100,800	100,800	91,257	(9,543)
Grand gulf	15,560	15,560	15,194	(366)
Fines and report fees	19,000	19,000	17,590	(1,410)
Charges for services	25,100	25,100	43,724	18,624
Interest	162	162	892	730
Rent income	10,775	10,775	8,798	(1,977)
Miscellaneous	14,090	14,090	23,042	8,952
TOTAL REVENUES	<u>614,194</u>	<u>614,194</u>	<u>884,575</u>	<u>270,381</u>
OPERATING DISBURSEMENTS:				
General Government				
Administration	216,458	216,458	339,210	(122,752)
Public Safety				
Police protection	253,740	253,740	283,008	(29,268)
Fire protection	16,810	16,810	38,901	(22,091)
Public Works				
Streets improvements	92,780	92,780	114,698	(21,918)
Health and welfare	14,850	14,850	1,470	13,380
Culture and recreation	14,460	14,460	62,446	(47,986)
Capital outlays	63,835	63,835	279,795	(215,960)
Debt service	1,284	1,284	40,367	(39,083)
Total Expenditures	<u>674,217</u>	<u>674,217</u>	<u>1,159,895</u>	<u>(485,678)</u>
Excess (deficiency) of Revenues Over (Under) Expenditures	<u>(60,023)</u>	<u>(60,023)</u>	<u>(275,320)</u>	<u>(215,297)</u>
Other Financing Sources (Uses):				
Operating transfers in	17,679	17,679	152,553	134,874
Operating transfer out	-	-	(54,119)	(54,119)
Total Other Financing Sources (Uses)	<u>17,679</u>	<u>17,679</u>	<u>98,434</u>	<u>80,755</u>
Net Change in Fund Balances	<u>(42,344)</u>	<u>(42,344)</u>	<u>(176,886)</u>	<u>(134,542)</u>
Cash Basis Fund Balance, Oct. 1	<u>338,971</u>	<u>338,971</u>	<u>338,971</u>	-
Cash Basis Fund Balance, Sept. 30	<u>\$ 296,627</u>	<u>296,627</u>	<u>162,085</u>	<u>\$ (134,542)</u>

CITY OF MOORHEAD, MISSISSIPPI
 Combined Statement of Revenues, Expenses, and Changes in Net Position - Cash Basis
 Proprietary Funds
 For the Year Ended September 30, 2018

	<u>Business -Type Activities</u>		
	<u>Water/Sewer Fund</u>	<u>Garbage Fund</u>	<u>Total</u>
Operating Revenues:			
Sales to customers	\$ 532,740	-	\$ 532,740
Other revenue	<u>53,067</u>	<u>-</u>	<u>53,067</u>
Total Operating Revenues	<u>585,807</u>	<u>-</u>	<u>585,807</u>
Operating Expenses:			
Personnel services	241,426	-	241,426
Supplies	110,041	-	110,041
Other services and charges	<u>170,970</u>	<u>53,076</u>	<u>224,046</u>
Total Operating Expenses	<u>522,437</u>	<u>53,076</u>	<u>575,513</u>
Operating income (loss)	<u>63,370</u>	<u>(53,076)</u>	<u>10,294</u>
Nonoperating revenues (expenses)			
Contribution from federal grant	286,380	-	286,380
Interest income	1,532	38	1,570
Principal payment on debt	(5,953)	-	(5,953)
Interest and service charges on long-term debt	(176)	-	(176)
Proceeds from long-term debt	-	-	-
Capital outlays	<u>(431,169)</u>	<u>-</u>	<u>(431,169)</u>
Total nonoperating revenues	<u>(149,386)</u>	<u>38</u>	<u>(149,348)</u>
Net Income Before Operating Transfers	(86,016)	(53,038)	(139,054)
Operating Transfers In	<u>218,564</u>	<u>49,624</u>	<u>268,188</u>
Change in Net Position	132,548	(3,414)	129,134
Cash Basis Net Position, October 1	<u>369,521</u>	<u>7,753</u>	<u>377,274</u>
Cash Basis Net Position, September 30	<u>\$ 502,069</u>	<u>4,339</u>	<u>\$ 506,408</u>
CASH BASIS NET POSITION - END OF YEAR			
Restricted for:			
Customer deposits	\$ 71,949	-	\$ 71,949
Debt service	146,037	-	146,037
Unassigned	<u>284,083</u>	<u>4,339</u>	<u>288,422</u>
Total Net Position	<u>\$ 502,069</u>	<u>4,339</u>	<u>\$ 506,408</u>



CITY OF MOORHEAD, MISSISSIPPI
Combining Balance Sheet and Nets Assets - Cash Basis
All Agency Funds
For the Year Ended September 30, 2018

Assets:	<u>Payroll Clearing Fund</u>	<u>Accounts Payable Clearing</u>	<u>Total</u>
Cash and cash equivalents	\$ <u>17,656</u>	<u>39,615</u>	\$ <u>57,271</u>
Total Assets	\$ <u>17,656</u>	<u>39,615</u>	\$ <u>57,271</u>
 Net Assets			
Held for other	\$ <u>17,656</u>	<u>39,615</u>	\$ <u>57,271</u>
Total Net Assets	\$ <u>17,656</u>	<u>39,615</u>	\$ <u>57,271</u>

CITY OF MOORHEAD, MISSISSIPPI
Combining Statement of Changes in Net Assets - Cash Basis
All Agency Funds
For the Year Ended September 30, 2018

	Payroll Clearing Fund	Accounts Payable Clearing	Total
Additions			
Interest	\$ 127	237	\$ 364
Other additions	7,396	38,603	45,999
Total Additions	<u>7,523</u>	<u>38,840</u>	<u>46,363</u>
Deductions			
General government	87	74	161
Total Deductions	<u>87</u>	<u>74</u>	<u>161</u>
Change in Net Assets	7,436	38,766	46,202
Net Asset at beginning of year	10,220	849	11,069
Net Asset at end of year	<u>\$ 17,656</u>	<u>39,615</u>	<u>\$ 57,271</u>

CITY OF MOORHEAD, MISSISSIPPI
Notes to the Financial Statements
September 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Moorhead operates under a Council-Manager form of government and provides services authorized by its charter. The City's population is less than 2,500 citizens.

The financial statements of the City of Moorhead, Mississippi, (the City) have been prepared in conformity with the cash basis of accounting. Consequently, certain revenues are recognized when received rather than when earned and certain expenses and requisition of assets are recognized when cash is disbursed rather than when the obligation is incurred. The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds and similar component units apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The City does not apply FASB pronouncements issued after November 30, 1989. The more significant of the government's accounting policies are described below.

A. Fund Accounting

The financial statements consist of all the funds of the City of Moorhead: General Fund, Special Revenue Funds, Debt Services and the Enterprise Funds.

The accounts of the City of Moorhead are organized on the basis of funds, each of which is considered a separate accounting entity.

GOVERNMENTAL FUNDS

General Fund: The General Fund is the general operating fund of the City. 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 Funds are used to account for the proceeds of special revenue sources that are legally restricted for specific expenditure purposes. The Special Revenue Fund in this financial statement is used to account for receipts and disbursements of the City's restricted resources.

Debt Service Fund: The Debt Service Fund is used to account for the accumulation of resources and the subsequent disbursement of such resources to pay principal and interest on long-term debt of the City (other than debt of the Proprietary Funds). Bond ordinances require the City to account for debt service transactions in separate funds, restrict the flow of cash between such funds, and comply with various other covenants. For financial statement reporting, the various debt service funds have been combined.

PROPRIETARY FUNDS

Enterprise Fund: The Enterprise Fund is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the cost and expenses of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges. The City's Water and Sewer Funds are included in this category.



CITY OF MOORHEAD, MISSISSIPPI
Notes to the Financial Statements
September 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

MAJOR FUNDS

For 2018, the City reports the following major funds:

General Fund - reports as the primary fund of the City. This fund is used to account for all financial resources not reported in other funds.

Debt Service Fund - accounts for the debt service transaction of the governmental fund type.

Water and Sewer Fund - accounts for the operating activities of the City's water and sewer utility services.

Garbage Fund - accounts for the operating activities of the City's garbage services.

B. Measurement Focus and Financial Statement Presentation

In the government-wide financial statement, both governmental and business-type activities are presented using the economic resources measurement focus, within the limitations of the cash basis of accounting which refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The financial statements are prepared on a cash receipts and disbursements basis, according to requirements for small towns in the State of Mississippi as prescribed by the Office of the State Auditor. Consequently, certain revenues are recognized when received rather than when earned, and certain expenditures or expenses are recognized when paid rather than when the obligation is incurred.

Amounts reported as program receipts included (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.

Proprietary funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as nonoperating receipts and disbursements.

As permitted by generally accepted accounting principles, the City of Moorhead has elected to apply only applicable FASB Statement and Interpretations issued on or before November 30, 1989 that do not contradict GASB pronouncements in its accounting and reporting practices for its proprietary operations.

CITY OF MOORHEAD, MISSISSIPPI
Notes to the Financial Statements
September 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Cash and Cash Equivalents

The City deposits excess funds in the financial institutions selected by the board. State statutes specify how these depositories are to be selected.

Cash and cash equivalents consist of amounts on deposit in demand accounts and certificates of deposits with maturities greater than 12 months when acquired.

D. Investments

The City can invest its excess funds, as permitted by Section 29-3-113, Miss. Code Ann. (1972), in interest-bearing deposits or other obligations of the types described in Section 27-105-33, Miss. Code Ann. (1972), or in any other type investment in which any other agency, instrumentality or subdivision of the State of Mississippi may invest, except that 100% of said funds are authorized to be so invested.

For accounting purposes, certificates of deposits are classified as investments if they have a maturity greater than 12 months when acquired.

Investments are reported at fair value.

E. Report Classification

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.

F. Property Tax

Property taxes attach as an enforceable lien on property January 1. Taxes are levied on October 1 and are due and payable at that time. All unpaid taxes levied October 1 become delinquent February 1 of the following year. The millage rate for the City for the fiscal year ended September 30, 2018 was as follows for general purposes.

<u>Tax Years</u>	<u>2018</u>	<u>2017</u>
General Fund	81.00	81.00
Debt Service	9.00	9.00
Total Millage	<u>90.00</u>	<u>90.00</u>

CITY OF MOORHEAD, MISSISSIPPI
Notes to the Financial Statements
September 30, 2018

NOTE 2 - BUDGET POLICY

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- ◆ Prior to September 30, the City Clerk submits to the Mayor and Alderpersons a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenses and expenditures and the means of financing them.
- ◆ Public notice is given of the City's budget meetings being open to the public, so that a public hearing is conducted on the budget.
- ◆ The budget as submitted is reviewed by the Mayor and Alderpersons and necessary revisions are made to the budget. Then, the budget is approved prior to September 15.
- ◆ The Budget is formally revised during July of each year or anytime a deficit is indicated.
- ◆ Budgetary comparisons are employed by management as a management control device during the year for all funds.
- ◆ Appropriations lapse at the end of each fiscal year.

Mississippi laws require that municipalities budget on a modified-cash basis. Claims that have been incurred prior to the end of the year and that are paid within 30 days are recorded under the accrual basis. Prior year claims that are paid after 30 days revert to the cash basis. All revenue is accounted for under the cash basis. The required budgetary basis is therefore not considered a generally accepted accounting principle. Governmental accounting requires that the "budget to actual" statements be prepared according to budgetary laws. The major reconciling items between the budgetary and cash basis presentations are presented on the "budget to actual" statements.

NOTE 3 - CASH AND CASH EQUIVALENTS

The collateral for public entities, deposits in financial institutions, is now 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, Mississippi 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.

The carrying amount of the City's deposits with financial institutions in the governmental activities, business-type activities funds, and the agency funds were \$233,007, \$506,408, and \$57,271 respectively. The bank balance was \$821,571.

CITY OF MOORHEAD, MISSISSIPPI
Notes to the Financial Statements
September 30, 2018

NOTE 3 - CASH AND CASH EQUIVALENTS (Continued)

Custodial Credit Risk - Deposits. 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 institutions trust department or agent in the name of the Mississippi State Treasurer on behalf of the City. As of September 30, 2018, none of the City's bank balance of \$821,571 was exposed to custodial credit risk.

NOTE 4 - GASB 54 FUND BALANCE PRESENTATION - CLASSIFICATION TOTAL

The City has implemented GASB Statement 54, as such, the fund balances of the governmental funds are classified by specific purpose as follows:

Restricted - amounts that can be spent for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Unassigned - amounts that have not been restricted, committed or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount.

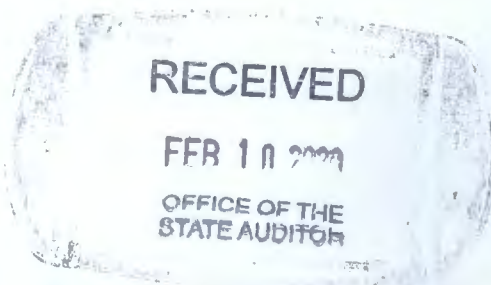
NOTE 5 - LONG-TERM DEBT

CHANGES IN LONG-TERM LIABILITIES

A. Governmental Type Activities

During the year ended September 30, 2018, the following changes occurred in liabilities reported for the General Government:

	Balance Oct. 1, 2017	Additions	Retirements	Balance Sept. 30, 2018	Amount due Within one year
General obligation bonds	\$ 147,000	-	34,000	\$ 113,000	\$ 35,000
Bank note payable	-	11,800	2,769	9,031	2,193
Capital leases	1,228	-	1,228	-	-
Total	<u>\$ 148,228</u>	<u>11,800</u>	<u>37,997</u>	<u>\$ 122,031</u>	<u>\$ 37,193</u>



CITY OF MOORHEAD, MISSISSIPPI
Notes to the Financial Statements
September 30, 2018

NOTE 5 - LONG-TERM DEBT (Continued)

General Obligation Bonds

The government issues general obligation bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds have been issued for general government activities.

General obligation bonds and notes are direct obligations and pledge the full faith and credit of the government. General obligation bonds and notes currently outstanding are as follows:

1. Bank Notes Payable and General Obligation Bonds Payable

The outstanding Bank Notes and General Obligation Bonds are as follows as of September 30, 2018.

	<u>Amount Outstanding</u>
<i>Bank Note Payable</i>	
On February 8, 2018, the Mayor and Board of Alderman authorized the issuance of \$11,800 promissory note with Guaranty Bank and Trust Company due in thirty six monthly payments of \$224 which includes principal and accrued interest, with an interest rate of 5.150%, maturing February 5, 2023. This note represents 50% of the total proceeds that were used to acquire BBI computer software. This debt will be retired from the City's General Fund.	\$ <u>9,031</u>

General Obligation Bonds

\$490,000, 2001 Public Improvement Bonds; original issue dated February 1, 2001, in denominations of \$5,000 each. Interest is variable from 4.375% to 5.70% and is payable annually on February 1 and August 1 beginning February 1, 2002. The Bonds shall mature and become due between February 1, 2002 and February 1, 2021. This debt will be retired from the City's General Fund.

\$ 113,000

Annual debt service requirements to maturity for the bank note and general obligation bonds for the General Government are as follows:

General Obligation Bonds

<u>Fiscal year ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 35,000	5,398	\$ 40,398
2020	37,000	3,378	40,378
2021	41,000	1,169	42,169
Total	\$ <u>113,000</u>	<u>9,945</u>	\$ <u>122,945</u>

CITY OF MOORHEAD, MISSISSIPPI
Notes to the Financial Statements
September 30, 2018

NOTE 5 - LONG-TERM DEBT (Continued)

Bank Note Payable

	Fiscal year ending September 30	Principal	Interest	Total
	2019	\$ 2,193	492	\$ 2,685
	2020	2,308	377	2,685
	2021	2,430	255	2,685
	2022	2,100	127	2,227
Total		<u>\$ 9,031</u>	<u>1,251</u>	<u>\$ 10,282</u>

B. Business-Type Activities

During the year ended September 30, 2018, the following changes occurred in liabilities reported for the Water/Sewer Fund:

	Balance Oct. 1, 2017	Additions	Retirements	Balance Sept. 30, 2018	Amount due within one year
Bank note payable	\$ -	11,800	2,769	9,031	\$ 2,193
Bank note payable	-	-	-	-	-
Combined water/sewer revenue bonds	236,174	-	11,146	225,028	10,574
Total	<u>\$ 236,174</u>	<u>11,800</u>	<u>13,915</u>	<u>234,059</u>	<u>\$ 12,767</u>

The following is outstanding debt related to Business-Type Activities as of September 30, 2018.

CITY OF MOORHEAD, MISSISSIPPI
Notes to the Financial Statements
September 30, 2018

NOTE 5 - LONG-TERM DEBT (Continued)

Bank Notes and Revenue Bonds Payable

The outstanding Bank Notes and Revenue Bond Payable is as follows as of September 30, 2018.

	<u>Amount Outstanding</u>
<u>Loan Number 1</u>	
On February 8, 2018, the Mayor and Board of Alderman authorized the issuance of \$11,800 promissory note with Guaranty Bank and Trust Company due in thirty six monthly payments of \$224 which includes principal and accrued interest, with an interest rate of 5.150%, maturing February 5, 2023. This note represents 50% of the total proceeds that were used to acquire BBI computer software. This debt will be retired from the City's Water/Sewer Fund.	\$ 9,031
<u>Loan Number 2</u>	
\$438,000, 1999 Water Junior Lien Revenue Bonds, issued January 22, 1999, due in monthly installments of \$1,710 including interest at 4.50% beginning on the third anniversary date of the bond, with interest only on the first and second annual dates. The bonds mature on January 22, 2034. This debt will be retired from the City's Water/Sewer Fund.	<u>225,028</u>
Total Revenue Bonds Payable	<u>\$ 234,059</u>

Annual debt service requirements to maturity for the bank note and revenue refunding bonds for the Proprietary Fund are as follows:

Bank Note

Fiscal year ending				
	<u>September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019		\$ 2,193	492	\$ 2,685
2020		2,308	377	2,685
2021		2,430	255	2,685
2022		<u>2,100</u>	<u>127</u>	<u>2,227</u>
Total		<u>\$ 9,031</u>	<u>1,251</u>	<u>\$ 10,282</u>

CITY OF MOORHEAD, MISSISSIPPI
Notes to the Financial Statements
September 30, 2018

NOTE 5 - LONG-TERM DEBT (Continued)

Revenue Bonds

Fiscal year ending				
September 30	Principal	Interest	Total	
2019	\$ 10,574	9,946	\$ 20,520	
2020	11,062	9,458	20,520	
2021	11,571	8,949	20,520	
2022	12,105	8,415	20,520	
2023	12,663	7,857	20,520	
2024-2028	72,632	29,968	102,600	
2029-2033	90,995	11,605	102,600	
2034	3,426	13	3,439	
Total	\$ 225,028	86,211	\$ 311,239	

NOTE 6 - CAPITAL OUTLAY DISBURSEMENTS

The City of Moorhead had \$456,005 in capital outlay disbursements during the current fiscal year.

NOTE 7 - DEFINED BENEFIT PENSION PLAN

A. General Information

Plan Description and Provisions: The City of Moorhead, 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. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Cods Ann. Section 25-11-1 et seq., (1972, as amended) and may be amended only by the Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Public Employees' Retirement System of Mississippi, PERS Building, 429 Mississippi Street, Jackson, MS 39201 or by calling (601) 359-3589 or 1-800-444- PERS.

Plan Funding Policy: PERS members are required to contribute 9.00% of their annual covered salary and the City of Moorhead, Mississippi is required to contribute at an actuarially determined rate. This rate was 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 of Moorhead, Mississippi, contributions to PERS for the years ended September 30, 2018, 2017, and 2016 were \$76,628, \$61,824, and \$71,324, respectively, equal to the required contributions for each year.



CITY OF MOORHEAD, MISSISSIPPI
Notes to the Financial Statements
September 30, 2018

NOTE 8 - FEDERAL GRANTS

During the fiscal year ended September 30, 2018, the City received federal grant and federal loan funds in the amount of \$286,380 and incurred grant expenditures in the same amount.

<u>Funding Source</u>	<u>Grant Name</u>	<u>CFDA Number</u>	<u>Grant Number</u>	<u>Federal Award Expended</u>
MS Development Authority	Community Development Block Grant	14.228	1133-16-264-PF-01	286,380
				<u>\$ 286,380</u>

A single audit in accordance with Uniform Guidance was not required for the year ended September 30, 2018.

NOTE 9 - COMMITMENTS AND CONTINGENCIES

Federal Grants

The City has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditures of resources for allowable purposes. Any disallowance resulting from a grantor audit may become a liability of the City. No provisions for any liability that may result has been recognized in the City's financial statements

NOTE 10 - RISK MANAGEMENT

The City 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. These risks of loss are covered by participation in a public entity risk pool that operates as a common insurance program and by acquiring commercial insurance coverage. Claims resulting from these risks have historically not exceeded insurance coverage.

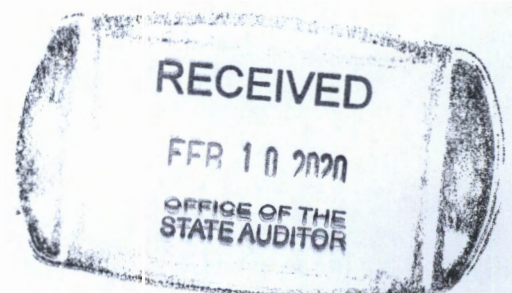
NOTE 11 - ECONOMIC DEPENDENCY

The City is a rural community in the Mississippi Delta. It is dependent on ad valorem taxes and user fees from its residents to remain viable.

NOTE 12 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through January 28, 2020, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

SUPPLEMENTAL INFORMATION



CITY OF MOORHEAD, MISSISSIPPI
Schedule of Capital Assets
For the Year Ended September 30, 2018

Governmental Activities:	Balance at 10/01/17	Additions	Deletions	Balance at 09/30/18
<i>Non-Depreciable Assets</i>				
Land	\$ 29,990	-	-	\$ 29,990
Construction in progress	-	254,959	-	254,959
Total Non-Depreciable Assets	<u>29,990</u>	<u>254,959</u>	<u>-</u>	<u>284,949</u>
<i>Depreciable Capital Assets</i>				
Buildings	485,630	-	-	485,630
Improvements other than buildings	452,750	-	-	452,750
Infrastructure	<u>464,913</u>	<u>-</u>	<u>-</u>	<u>464,913</u>
Total Depreciable Capital Assets	<u>1,403,293</u>	<u>-</u>	<u>-</u>	<u>1,403,293</u>
Total Governmental Capital Assets	<u>\$ 1,433,283</u>	<u>254,959</u>	<u>-</u>	<u>\$ 1,688,242</u>
Business - Type Activities:				
<i>Non-Depreciable Assets</i>				
Land	\$ 83,196	-	-	\$ 83,196
Construction in progress	-	427,980	-	427,980
Total Non-Depreciable Assets	<u>83,196</u>	<u>427,980</u>	<u>-</u>	<u>511,176</u>
<i>Depreciable Capital Assets</i>				
Improvements other than buildings	3,900,665	-	-	3,900,665
Machinery and equipment	<u>309,633</u>	<u>-</u>	<u>-</u>	<u>309,633</u>
Total Depreciable Capital Assets	<u>4,210,298</u>	<u>-</u>	<u>-</u>	<u>4,210,298</u>
Total Business-Type Capital Assets	<u>\$ 4,293,494</u>	<u>427,980</u>	<u>-</u>	<u>\$ 4,721,474</u>

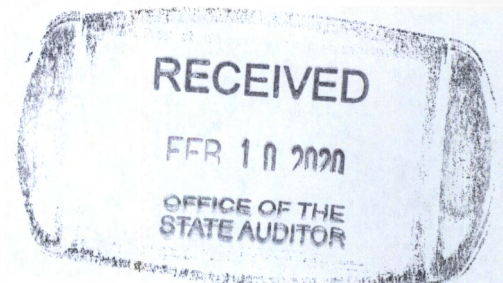
Schedule 2

CITY OF MOORHEAD, MISSISSIPPI
Schedule of Long -Term Debt
September 30, 2018

	<u>Interest Rates</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Authorized</u>	<u>Issued</u>	<u>Balance at 10/01/17</u>	<u>Additions</u>	<u>Deletion</u>	<u>Balance at 09/30/18</u>
<u>General Government:</u>									
General Obligations Bonds:									
Public improvement bonds	4.375% - 5.70%	02/01/2001	02/01/2021	\$ <u>490,000</u>	\$ <u>490,000</u>	\$ <u>147,000</u>	<u>-</u>	<u>34,000</u>	\$ <u>113,000</u>
Notes Payable									
Bank note payable	5.150%	02/08/2018	052/05/2023	<u>11,800</u>	<u>11,800</u>	<u>-</u>	<u>11,800</u>	<u>2,769</u>	<u>9,031</u>
Obligations Under Capital Leases:									
Capital lease - two police cars	3.718%	11/11/2013	10/02/2017	<u>57,106</u>	<u>57,106</u>	<u>1,228</u>	<u>-</u>	<u>1,228</u>	<u>-</u>
Total General Government Debt				\$ <u>558,906</u>	\$ <u>558,906</u>	\$ <u>148,228</u>	<u>11,800</u>	<u>37,997</u>	\$ <u>122,031</u>
<u>Business Type - Activities</u>									
Revenue Bonds									
1999 Water Junior Lien Revenue	4.50%	01/22/1999	01/22/2034	\$ <u>349,200</u>	\$ <u>349,200</u>	\$ <u>236,174</u>	<u>-</u>	<u>11,146</u>	\$ <u>225,028</u>
Total Revenue Bonds				<u>349,200</u>	<u>349,200</u>	<u>236,174</u>	<u>-</u>	<u>11,146</u>	<u>225,028</u>
Total Proprietary Debt				\$ <u>349,200</u>	\$ <u>349,200</u>	\$ <u>236,174</u>	<u>-</u>	<u>11,146</u>	\$ <u>225,028</u>
Grand Total				\$ <u>908,106</u>	\$ <u>908,106</u>	\$ <u>384,402</u>	<u>11,800</u>	<u>49,143</u>	\$ <u>347,059</u>

CITY OF MOORHEAD, MISSISSIPPI
Schedule of Surety Bonds for Municipal Officials
September 30, 2018

Name	Position	Company	Amount of Bond
George Holland	Mayor	Brierfield and Scott Municipal Insurance	\$ 50,000
T. J. Fairley	Alderman	Brierfield and Scott Municipal Insurance	50,000
Joyce Walker	Alderman	Brierfield and Scott Municipal Insurance	50,000
Robin Roberts	Alderman	Brierfield and Scott Municipal Insurance	50,000
Darrell Wright	Alderman	Brierfield and Scott Municipal Insurance	50,000
Andrew Smith	City Manager	Brierfield and Scott Municipal Insurance	50,000
Lakeshia Jones	City Clerk	Brierfield and Scott Municipal Insurance	50,000
Constance Sanders	Court Clerk	Brierfield and Scott Municipal Insurance	50,000
Shericka Hayes	Water Clerk	Brierfield and Scott Municipal Insurance	50,000
Bobby Walker	Chief of Police	Brierfield and Scott Municipal Insurance	100,000
Position Bond	Police officers	Brierfield and Scott Municipal Insurance	60,000





BROWN, EWING & CO.
P.A.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S 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 George Holland and
Honorable Members of the Board of Alderpersons
City of Moorhead, Mississippi

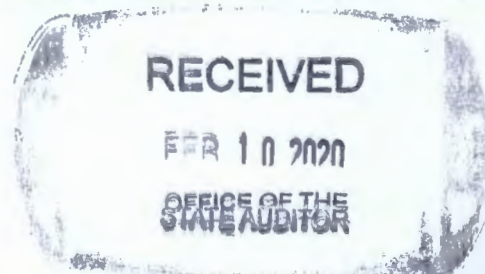
We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Moorhead, Mississippi, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise City of Moorhead, Mississippi cash financial statements and have issued our report thereon dated January 28, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Moorhead, 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 City of Moorhead, Mississippi's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Moorhead, 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 the internal control was for limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



Compliance and Other Matters

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

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.

Brown, Eggs & Co.
Ridgeland, Mississippi
January 28, 2020

CITY OF MOORHEAD, MISSISSIPPI
SCHEDULE OF AUDIT FINDINGS AND RESPONSES
Year Ended September 30, 2018

For the year ended September 30, 2018, we did not identify any deficiencies other than those that were not corrected from prior years.

CITY OF MOORHEAD, MISSISSIPPI
AUDITEE'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended September 30, 2018

Finding 2016-001 - Financial Statements and Related Disclosures

Statement of Condition

Management requested the auditors prepare a draft of the City's financial statements, including the related notes to the financial statements. Outsourcing of this service is not unusual in Cities of your size and is a result of the City's cost benefit decision to use our accounting expertise rather than to ensure internal resource costs.

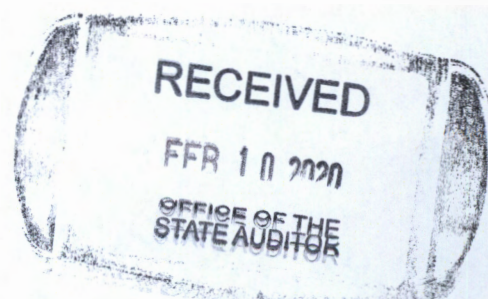
Current Status: Not Corrected

Finding 2016-002 - Capital Assets

Statement of Condition

The City does not maintain an adequate capital asset subsidiary ledger that properly tracks capital asset activity.

Current Status: Not Corrected



STATE LEGAL COMPLIANCE SECTION



BROWN, EWING & CO.
P.A.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
STATE LAWS AND REGULATIONS

The Honorable Mayor George Holland and
Honorable Members of the Board of Alderpersons
City of Moorhead, Mississippi

We have audited the cash basis financial statements of the City of Moorhead, Mississippi, (the City) as of and for the year ended September 30, 2018, and have issued our report thereon dated January 28, 2020.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States America, *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

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 procedures performed to test compliance with certain other laws and regulations and our audit of the financial statements disclosed no instances of noncompliance with other state laws and regulations.

This report is intended solely for the information and use of the Mayor, Board of Alderpersons, management and federal awarding agencies 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.

Brown, Ewing & Co.
Ridgeland, Mississippi
January 28, 2020

