



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

CITY OF MORTON, MISSISSIPPI
AUDITED FINANCIAL STATEMENTS
AND
SPECIAL REPORT

SEPTEMBER 30, 2019

CITY OF MORTON, MISSISSIPPI

TABLE OF CONTENTS

FINANCIAL SECTION	1
INDEPENDENT AUDITORS' REPORT	2-3
FINANCIAL STATEMENTS	4
Statement of Activities and Net Cash Position – Cash Basis	5-6
Statement of Cash Basis Assets and Fund Balances and Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances – Governmental and Business-type Funds.....	7-9
Notes to Financial Statements	10-12
REQUIRED SUPPLEMENTARY INFORMATION	13
Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) General Fund.....	14
Notes to the Required Supplementary Information	15
OTHER REQUIRED SUPPLEMENTARY INFORMATION	16
Schedule of Changes in Long-term Debt	17
Schedule of Investments - All Funds.....	18
Schedule of Capital Assets	19
Schedule of Surety Bonds for Municipal Officials and Employees	20
SPECIAL REPORT	21
Independent Auditors' Report on Compliance with State Laws and Regulations.....	22-23
SCHEDULE OF FINDING AND RESPONSE	24-25

CITY OF MORTON, MISSISSIPPI

FINANCIAL SECTION

Windham and Lacey, PLLC

Certified Public Accountants

2708 Old Brandon Road
Pearl, MS 39208
(601)939-8676 Fax (601)939-8761
windhamandlacey.com

P. O. Box 759
Crystal Springs, MS 39059
(601)892-4001 Fax (601)892-5978

Members:
American Institute of CPAs
Mississippi Society of CPAs

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, 2019 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.

Auditors' 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. 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, 2019, 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

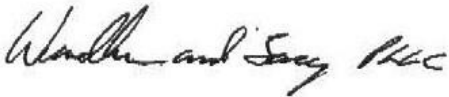
The City of Morton, Mississippi, has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial 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.

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.



Windham and Lacey, PLLC
November 22, 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, 2019

	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	\$ 279,248	9,052	5,165		(265,031)		(265,031)
Public safety	932,240	121,489		29,262	(781,489)		(781,489)
Public works	432,448			68,525	(363,923)		(363,923)
Culture and recreation	134,792				(134,792)		(134,792)
Interest on long-term debt	2,649				(2,649)		(2,649)
Total Governmental Activities	<u>1,781,377</u>	<u>130,541</u>	<u>5,165</u>	<u>97,787</u>	<u>(1,547,884)</u>	<u>0</u>	<u>(1,547,884)</u>
Business-type Activities:							
Water/Sewer	2,692,600	2,894,335		72,946		274,681	274,681
Total Business-type Activities	<u>2,692,600</u>	<u>2,894,335</u>	<u>0</u>	<u>72,946</u>	<u>0</u>	<u>274,681</u>	<u>274,681</u>
Total Government	<u>\$ 4,473,977</u>	<u>3,024,876</u>	<u>5,165</u>	<u>170,733</u>	<u>(1,547,884)</u>	<u>274,681</u>	<u>(1,273,203)</u>
General Receipts							
Taxes:							
Property taxes					\$ 764,445		764,445
Road & bridge privilege taxes					84,579		84,579
Sales tax					508,198		508,198
Franchise taxes					56,425		56,425
Grants and contributions not restricted to specific programs					65,148		65,148
Unrestricted investment income					1,361	4,902	6,263
Miscellaneous					169,129	80,677	249,806
Proceeds from debt					39,436		39,436
Total General Receipts					<u>1,688,721</u>	<u>85,579</u>	<u>1,774,300</u>
Change in Net Cash Position					140,837	360,260	501,097
Net Cash Position - Beginning					<u>647,649</u>	<u>2,796,596</u>	<u>3,444,245</u>
Net Cash Position - Ending					<u>\$ 788,486</u>	<u>3,156,856</u>	<u>3,945,342</u>

(Continued)

CITY OF MORTON, MISSISSIPPI

Statement of Activities and Net Cash Position - Cash Basis

As of and for the Year Ended September 30, 2019

ASSETS

Cash and cash equivalents	\$ 3,740,774
Restricted cash	<u>204,568</u>
Total Assets	\$ <u><u>3,945,342</u></u>

NET CASH POSITION

Restricted:

Restricted for unemployment	\$ 7,000
Restricted for meter deposits	104,050
Restricted for public safety	67,860
Restricted for public works	25,658
Unrestricted	<u>3,740,774</u>
Total Net Cash Position	\$ <u><u>3,945,342</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, 2019

	Governmental Activities			Business-type Activities		
	<u>Major Fund</u>			<u>Major Fund</u>		
	<u>General Fund</u>	<u>Non-Major Funds</u>	<u>Total</u>	<u>Water/Sewer Fund</u>	<u>Non-Major Business-type Fund</u>	<u>Total</u>
RECEIPTS						
Ad valorem taxes	\$ 764,445		764,445			
Road and bridge tax	84,579		84,579			
License and permits	9,052		9,052			
Franchise taxes on utilities	56,425		56,425			
Intergovernmental revenues:						
Federal revenues:						
Grants		68,525	68,525		72,946	72,946
State shared revenues:						
Sales taxes	508,198		508,198			
Grants	4,945		4,945			
General municipal aid	1,726		1,726			
Fire rebate	8,250		8,250			
Grand Gulf	58,391		58,391			
Other	5,251	21,012	26,263			
Charges for services:						
Garbage				221,922		221,922
Water and sewer utility				2,672,413		2,672,413
Fines and forfeits	121,489		121,489			
Interest income	1,313	48	1,361	4,641	261	4,902
Miscellaneous revenue	142,262	26,867	169,129	80,679		80,679
Total Receipts	<u>1,766,326</u>	<u>116,452</u>	<u>1,882,778</u>	<u>2,979,655</u>	<u>73,207</u>	<u>3,052,862</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
For the Year Ended September 30, 2019

	<u>Governmental Activities</u>			<u>Business-type Activities</u>		
	<u>Major Fund</u>			<u>Major Fund</u>		
	<u>General Fund</u>	<u>Non-Major Funds</u>	<u>Total</u>	<u>Water/Sewer Funds</u>	<u>Non-Major Business-type Fund</u>	<u>Total</u>
DISBURSEMENTS						
General government	\$ 279,248		279,248			
Public safety	917,390	7,573	924,963			
Public works	293,107	74,401	367,508			
Culture and recreation	122,002	12,790	134,792			
Water and sewer utility and cemetery:						
Personal services				670,610		670,610
Supplies				137,230		137,230
Contract services				866,672	72,972	939,644
Utilities				435,849		435,849
Other services and charges				67,662		67,662
Total Disbursements	<u>1,611,747</u>	<u>94,764</u>	<u>1,706,511</u>	<u>2,178,023</u>	<u>72,972</u>	<u>2,250,995</u>
Excess of Receipts Over (Under) Disbursements	<u>154,579</u>	<u>21,688</u>	<u>176,267</u>	<u>801,632</u>	<u>235</u>	<u>801,867</u>
OTHER CASH SOURCES (USES)						
Capital outlay	(44,176)		(44,176)			
Principal paid on loan and lease purchase	(9,427)	(2,537)	(11,964)	(365,914)		(365,914)
Interest paid on loan and lease purchase	(974)	(16)	(990)	(75,693)		(75,693)
Principal paid on bonds	(16,077)		(16,077)			
Interest and fiscal fees paid on bonds	(1,659)		(1,659)			
Proceeds from debt	39,436		39,436			
Total Other Cash Sources and (Uses)	<u>(32,877)</u>	<u>(2,553)</u>	<u>(35,430)</u>	<u>(441,607)</u>	<u>0</u>	<u>(441,607)</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
For the Year Ended September 30, 2019

	Governmental Activities			Business-type Activities		
	Major Fund			Major Fund		
	General Fund	Non-Major Funds	Total	Water/Sewer Fund	Non-Major Business-type Fund	Total
Excess (Deficiency) of Receipts and Other Cash Sources Over Disbursements and Other Cash Uses	121,702	19,135	140,837	360,025	235	360,260
CASH BASIS FUND BALANCE - Beginning of Year	552,948	94,701	647,649	2,690,611	105,985	2,796,596
CASH BASIS FUND BALANCE - End of Year	\$ 674,650	113,836	788,486	3,050,636	106,220	3,156,856
CASH BASIS ASSETS - End of Year						
Cash and cash equivalents	\$ 643,484	44,484	687,968	3,050,636	2,170	3,052,806
Restricted cash	31,166	69,352	100,518		104,050	104,050
Total Cash Basis Assets	\$ 674,650	113,836	788,486	3,050,636	106,220	3,156,856
CASH BASIS FUND BALANCES - End of Year						
Restricted:						
Restricted for unemployment compensation	\$	7,000	7,000			
Restricted for meter deposits					104,050	104,050
Restricted for public safety	31,166	36,694	67,860			
Restricted for public works		25,658	25,658			
Committed:						
Culture and recreation		22,359	22,359			
Public safety		2,047	2,047			
Unassigned	643,484	20,078	663,562	3,050,636	2,170	3,052,806
Total Cash Basis Fund Balances	\$ 674,650	113,836	788,486	3,050,636	106,220	3,156,856

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, 2019

(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.

CITY OF MORTON, MISSISSIPPI

Notes to Financial Statements
For the Year Ended September 30, 2019

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 \$3,945,342 and the bank balance was \$4,228,450. 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, 2019

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, 2019, none of the City's bank balance of \$4,228,450 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, 2019, 2018 and 2017 were \$191,434, \$188,661 and \$208,490, 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, 2019 - UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Ad valorem taxes	\$ 775,901	775,901	764,445	11,456
Road and bridge tax	65,000	65,000	84,579	(19,579)
License and permits	15,000	15,000	9,052	5,948
Franchise taxes on utilities	112,500	112,500	56,425	56,075
Intergovernmental revenues:				
Federal revenues:				
Grants			68,525	(68,525)
State shared revenues:				
Sales taxes	615,712	615,712	508,198	107,514
Grants			4,945	(4,945)
General municipal aid			1,726	(1,726)
Fire rebate			8,250	(8,250)
Grand Gulf			58,391	(58,391)
Other			26,263	(26,263)
Fines and forfeits	88,900	88,900	121,489	(32,589)
Interest income	1,000	1,000	1,361	(361)
Miscellaneous revenue	38,117	38,117	169,129	(131,012)
Total Receipts	<u>1,712,130</u>	<u>1,712,130</u>	<u>1,882,778</u>	<u>(170,648)</u>
EXPENDITURES				
General government	226,137	226,137	279,248	(53,111)
Public safety	1,073,660	1,073,660	924,963	148,697
Public works	446,837	446,837	367,508	79,329
Culture and recreation	143,822	143,822	134,792	9,030
Total Expenditures	<u>1,890,456</u>	<u>1,890,456</u>	<u>1,706,511</u>	<u>183,945</u>
Excess of Receipts				
Over (Under) Expenditures	<u>(178,326)</u>	<u>(178,326)</u>	<u>176,267</u>	<u>13,297</u>
OTHER CASH SOURCES (USES)				
Capital outlay			(44,176)	(44,176)
Principal paid on loan and lease purchase			(11,964)	(11,964)
Interest paid on loan and lease purchase			(990)	(990)
Principal paid on bonds			(16,077)	(16,077)
Interest paid on bonds			(1,659)	(1,659)
Proceeds from debt			39,436	39,436
Total Other Cash Sources and Uses	<u>0</u>	<u>0</u>	<u>(35,430)</u>	<u>(35,430)</u>
Net Change in Cash Basis Fund Balance	(178,326)	(178,326)	140,837	(22,133)
Cash Basis Fund Balances - Beginning	<u>0</u>	<u>0</u>	<u>647,649</u>	<u>647,649</u>
Cash Basis Fund Balances - Ending	<u>\$ (178,326)</u>	<u>(178,326)</u>	<u>788,486</u>	<u>625,516</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, 2019
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 - UNAUDITED
For the Year Ended September 30, 2019

Description	Outstanding Balance Sept. 30, 2018	Issued	Redeemed	Outstanding Balance Sept. 30, 2019
Governmental Activities:				
General obligation bonds	\$ 51,562		16,077	35,485
Obligations under capital leases payable	2,537	39,436	11,964	30,009
Total Governmental Activities	54,099	39,436	28,041	65,494
Business-type Activities:				
Capital improvement loans	3,458,112		345,495	3,112,617
Obligations under capital leases payable	65,218		20,419	44,799
Total Business-type Activities	3,523,330	0	365,914	3,157,416
Total Long-term Debt	\$ 3,577,429	39,436	393,955	3,222,910

CITY OF MORTON, MISSISSIPPI
Schedule of Investments - All Funds - UNAUDITED
September 30, 2019

<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	0.400%	07/06/2019	04/06/2020	Bank of Morton	\$ 3,497
General Fund	Certificate of Deposit	0.250%	08/28/2019	02/28/2020	Bank of Morton	100,000
General Fund	Certificate of Deposit	0.250%	02/10/2019	08/10/2020	Priority One Bank	250,000
Morton Memorial Gardens	Certificate of Deposit	0.150%	02/20/2019	08/20/2020	Priority One Bank	10,000
Enterprise Fund	Certificate of Deposit	0.300%	01/16/2019	01/16/2020	Priority One Bank	100,000
Enterprise Fund	Certificate of Deposit	0.450%	06/17/2019	06/17/2020	Bank of Morton	210,000
Enterprise Fund	Certificate of Deposit	0.300%	05/14/2019	05/14/2020	Priority One Bank	138,000
Enterprise Fund	Certificate of Deposit	0.450%	12/22/2018	12/22/2019	Bank of Morton	100,000
Enterprise Fund	Certificate of Deposit	0.300%	01/07/2019	01/07/2020	Priority One Bank	100,000
Enterprise Fund	Certificate of Deposit	0.300%	03/27/2019	03/26/2020	Priority One Bank	500,000
Total Non-restricted Investments						<u>1,511,497</u>
Restricted Investments:						
Unemployment Compensation	Certificate of Deposit	0.150%	02/20/2019	08/20/2020	Priority One Bank	7,000
Enterprise Fund	Certificate of Deposit	0.150%	02/20/2019	08/20/2020	Priority One Bank	75,000
Enterprise Fund	Certificate of Deposit	0.250%	05/15/2019	05/15/2020	Priority One Bank	48,000
Total Restricted Investments						<u>130,000</u>
Total Investments						\$ <u><u>1,641,497</u></u>

CITY OF MORTON, MISSISSIPPI
Schedule of Capital Assets - UNAUDITED
For the Fiscal Year Ended September 30, 2019

	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	884,382			884,382
Furniture & equipment	167,153	4,740	9,360	181,253
Obligations under capital leases	129,360	39,436	(9,360)	159,436
Total Governmental Activities Capital Assets	\$ 3,850,566	44,176	0	3,894,742
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	536,794			536,794
Furniture and equipment	1,183,611		25,034	1,208,645
Obligations under capital leases	90,852		(25,034)	65,818
Total Business-type Activities Capital Assets	\$ 20,479,162	0	0	20,479,162

CITY OF MORTON, MISSISSIPPI
Schedule of Surety Bonds for Municipal Officials and Employees - UNAUDITED
September 30, 2019

Name	Position	Surety Company	Coverage
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
Fred Johnson	Alderman	MS Municipal Bond Program	\$50,000
Alpha Oneida Laster	Alderwoman	MS Municipal Bond Program	\$50,000
Quiton Ryan Moore	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	Travelers	\$50,000
Kimberly Thornton	Court Clerk	Travelers	\$50,000
Frances Moore	Water Clerk	Travelers	\$50,000

CITY OF MORTON, MISSISSIPPI

SPECIAL REPORT

Windham and Lacey, PLLC

Certified Public Accountants

2708 Old Brandon Road
Pearl, MS 39208
(601)939-8676 Fax (601)939-8761
windhamandlacey.com

P. O. Box 759
Crystal Springs, MS 39059
(601)892-4001 Fax (601)892-5978

Members:
American Institute of CPAs
Mississippi Society of CPAs

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, 2019, and have issued our report thereon dated November 22, 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."

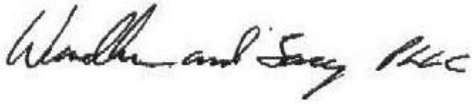
Recommendation

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
November 22, 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, 2019

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

2019-001. 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.