

## OFFICE OF THE STATE AUDITOR REPORT NOTE:

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

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

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

**SEPTEMBER 30, 2020**

CITY OF MORTON, MISSISSIPPI

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CITY OF MORTON, MISSISSIPPI

FINANCIAL SECTION

# Windham and Lacey, PLLC

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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, 2020 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 auditors' 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 auditors consider 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, 2020, 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*

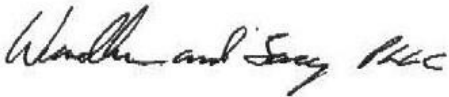
The City of Morton, Mississippi, has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial 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  
September 15, 2022

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, 2020

	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	\$ 131,438	6,642	5,165		(119,631)		(119,631)
Public safety	962,082	66,119		189,429	(706,534)		(706,534)
Public works	518,198			110,471	(407,727)		(407,727)
Culture and recreation	128,676				(128,676)		(128,676)
Interest on long-term debt	1,883				(1,883)		(1,883)
Total Governmental Activities	<u>1,742,277</u>	<u>72,761</u>	<u>5,165</u>	<u>299,900</u>	<u>(1,364,451)</u>	<u>0</u>	<u>(1,364,451)</u>
Business-type Activities:							
Water/Sewer	2,913,835	2,767,031		402,415		255,611	255,611
Total Business-type Activities	<u>2,913,835</u>	<u>2,767,031</u>	<u>0</u>	<u>402,415</u>	<u>0</u>	<u>255,611</u>	<u>255,611</u>
Total Government	\$ <u>4,656,112</u>	<u>2,839,792</u>	<u>5,165</u>	<u>702,315</u>	<u>(1,364,451)</u>	<u>255,611</u>	<u>(1,108,840)</u>
General Receipts							
Taxes:							
Property taxes					\$ 805,478		805,478
Road & bridge privilege taxes					83,669		83,669
Sales tax					395,411		395,411
Franchise taxes					85,631		85,631
Grants and contributions not restricted to specific programs					65,778		65,778
Unrestricted investment income					1,133	8,151	9,284
Miscellaneous					67,014	873	67,887
Total General Receipts					<u>1,504,114</u>	<u>9,024</u>	<u>1,513,138</u>
Change in Net Cash Position					139,663	264,635	404,298
Net Cash Position - Beginning					<u>788,486</u>	<u>3,156,856</u>	<u>3,945,342</u>
Net Cash Position - Ending					\$ <u>928,149</u>	<u>3,421,491</u>	<u>4,349,640</u>

(Continued)



CITY OF MORTON, MISSISSIPPI  
Statement of Activities and Net Cash Position - Cash Basis  
As of and for the Year Ended September 30, 2020

ASSETS

Cash and cash equivalents	\$ 4,090,029
Restricted cash	<u>259,611</u>
Total Assets	\$ <u><u>4,349,640</u></u>

NET CASH POSITION

Restricted:	
Restricted for unemployment	\$ 7,000
Restricted for meter deposits	104,257
Restricted for public safety	74,660
Restricted for public works	73,694
Unrestricted	<u>4,090,029</u>
Total Net Cash Position	\$ <u><u>4,349,640</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, 2020

	Governmental Activities			Business-type Activities			
	<u>Major Fund</u>			<u>Major Funds</u>			
	<u>General Fund</u>	<u>Non-Major Funds</u>	<u>Total</u>	<u>Water/Sewer Fund</u>	<u>Sewer - CDBG Fund</u>	<u>Non-Major Business-type Fund</u>	<u>Total</u>
RECEIPTS							
Ad valorem taxes	\$ 805,478		805,478				
Road and bridge tax	83,669		83,669				
License and permits	6,642		6,642				
Franchise taxes on utilities	85,631		85,631				
Intergovernmental revenues:							
Federal revenues:							
Grants		68,925	68,925		395,078		395,078
State shared revenues:							
Sales taxes	395,411		395,411				
Grants	170,675		170,675		7,337		7,337
General municipal aid	1,726		1,726				
Gasoline tax	3,439		3,439				
Grand Gulf	58,110		58,110				
Other	5,536	62,432	67,968				
Charges for services:							
Garbage				226,173			226,173
Water and sewer utility				2,540,858			2,540,858
Fines and forfeits	66,119		66,119				
Interest income	1,108	25	1,133	7,944		207	8,151
Miscellaneous revenue	45,170	21,844	67,014	873			873
Total Receipts	<u>1,728,714</u>	<u>153,226</u>	<u>1,881,940</u>	<u>2,775,848</u>	<u>402,415</u>	<u>207</u>	<u>3,178,470</u>

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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, 2020

	Governmental Activities			Business-type Activities			
	Major Fund			Major Funds			
	General Fund	Non-Major Funds	Total	Water/Sewer Fund	Sewer - CDBG Fund	Non-Major Business-type Fund	Total
DISBURSEMENTS							
General government	131,438		131,438				
Public safety	931,467	16,155	947,622				
Public works	413,344	75,016	488,360				
Culture and recreation	121,894	6,782	128,676				
Water and sewer utility and cemetery:							
Personal services				671,157	379,049		1,050,206
Supplies				103,252			103,252
Contract services				811,448			811,448
Utilities				442,000			442,000
Other services and charges				51,542			51,542
Total Disbursements	1,598,143	97,953	1,696,096	2,079,399	379,049	0	2,458,448
Excess of Receipts Over (Under) Disbursements	130,571	55,273	185,844	696,449	23,366	207	720,022
OTHER CASH SOURCES (USES)							
Capital outlay	(14,577)		(14,577)	(13,734)			(13,734)
Principal paid on loan and lease purchase	(13,031)		(13,031)	(374,615)			(374,615)
Interest paid on loan and lease purchase	(837)		(837)	(67,038)			(67,038)
Principal paid on bonds	(16,690)		(16,690)				
Interest and fiscal fees paid on bonds	(1,046)		(1,046)				
Total Other Cash Sources and (Uses)	(46,181)	0	(46,181)	(455,387)	0	0	(455,387)

(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, 2020

	Governmental Activities			Business-type Activities			
	Major Fund			Major Funds			
	General Fund	Non-Major Funds	Total	Water/Sewer Fund	Sewer - CDBG Fund	Non-Major Business-type Fund	Total
Excess (Deficiency) of Receipts and Other Cash Sources Over Disbursements and Other Cash Uses	84,390	55,273	139,663	241,062	23,366	207	264,635
CASH BASIS FUND BALANCE - Beginning of Year	674,650	113,836	788,486	3,050,636	1,252	104,968	3,156,856
CASH BASIS FUND BALANCE - End of Year	\$ 759,040	169,109	928,149	3,291,698	24,618	105,175	3,421,491
CASH BASIS ASSETS - End of Year							
Cash and cash equivalents	\$ 728,800	43,995	772,795	3,291,698	24,618	918	3,317,234
Restricted cash	30,240	125,114	155,354			104,257	104,257
Total Cash Basis Assets	\$ 759,040	169,109	928,149	3,291,698	24,618	105,175	3,421,491
CASH BASIS FUND BALANCES - End of Year							
Restricted:							
Restricted for unemployment compensation	\$	7,000	7,000				
Restricted for meter deposits						104,257	104,257
Restricted for public safety	30,240	44,420	74,660				
Restricted for public works		73,694	73,694				
Committed							
Culture and recreation		24,614	24,614				
Public safety		2,047	2,047				
Unassigned	728,800	17,334	746,134	3,291,698	24,618	918	3,317,234
Total Cash Basis Fund Balances	\$ 759,040	169,109	928,149	3,291,698	24,618	105,175	3,421,491

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, 2020

#### (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 Fund:

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, 2020

The government reports the following major Proprietary Funds:

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

The *Sewer – CDBG Fund* accounts for the activities of the grant received by 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 \$4,349,640 and the bank balance was \$4,576,922. 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, 2020

**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, 2020, none of the City's bank balance of \$4,576,922 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, 2020, 2019 and 2018 were \$191,224, \$191,434 and \$188,661, 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, 2020 - UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Ad valorem taxes	\$ 758,957	758,957	805,478	(46,521)
Road and bridge tax	80,000	80,000	83,669	(3,669)
License and permits	15,000	15,000	6,642	8,358
Franchise taxes on utilities	113,000	113,000	85,631	27,369
Intergovernmental revenues:				
State shared revenues:				
Sales taxes	662,300	662,300	395,411	266,889
Grants			170,675	(170,675)
General municipal aid			1,726	(1,726)
Gasoline tax			3,439	(3,439)
Grand Gulf			58,110	(58,110)
Other			5,536	(5,536)
Fines and forfeits	90,000	90,000	66,119	23,881
Interest income	1,000	1,000	1,108	(108)
Miscellaneous revenue	52,034	52,034	45,170	6,864
Total Receipts	<u>1,772,291</u>	<u>1,772,291</u>	<u>1,728,714</u>	<u>43,577</u>
<b>EXPENDITURES</b>				
General government	223,230	223,230	131,438	91,792
Public safety	1,113,612	1,113,612	931,467	182,145
Public works	432,641	432,641	413,344	19,297
Culture and recreation	152,808	152,808	121,894	30,914
Total Expenditures	<u>1,922,291</u>	<u>1,922,291</u>	<u>1,598,143</u>	<u>324,148</u>
Excess of Receipts Over (Under) Expenditures	<u>(150,000)</u>	<u>(150,000)</u>	<u>130,571</u>	<u>367,725</u>
<b>OTHER CASH SOURCES (USES)</b>				
Capital outlay			(14,577)	(14,577)
Principal paid on loan and lease purchase			(13,031)	(13,031)
Interest paid on loan and lease purchase			(837)	(837)
Principal paid on bonds			(16,690)	(16,690)
Interest paid on bonds			(1,046)	(1,046)
Total Other Cash Sources and Uses	<u>0</u>	<u>0</u>	<u>(46,181)</u>	<u>(46,181)</u>
Net Change in Cash Basis Fund Balance	(150,000)	(150,000)	84,390	321,544
Cash Basis Fund Balances - Beginning	<u>(178,326)</u>	<u>(178,326)</u>	<u>674,650</u>	<u>674,650</u>
Cash Basis Fund Balances - Ending	<u>\$ (328,326)</u>	<u>(328,326)</u>	<u>759,040</u>	<u>996,194</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, 2020  
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, 2020

Description	Outstanding Balance Sept. 30, 2019	Issued	Redeemed	Outstanding Balance Sept. 30, 2020
Governmental Activities:				
General obligation bonds	\$ 35,485		16,690	18,795
Obligations under capital leases payable	30,009		13,031	16,978
Total Governmental Activities	<u>65,494</u>	<u>0</u>	<u>29,721</u>	<u>35,773</u>
Business-type Activities:				
Capital improvement loans	3,112,617		353,741	2,758,876
Obligations under capital leases payable	44,799		20,874	23,925
Total Business-type Activities	<u>3,157,416</u>	<u>0</u>	<u>374,615</u>	<u>2,782,801</u>
Total Long-term Debt	<u>\$ 3,222,910</u>	<u>0</u>	<u>404,336</u>	<u>2,818,574</u>

CITY OF MORTON, MISSISSIPPI  
Schedule of Investments - All Funds - UNAUDITED  
September 30, 2020

Ownership	Type of Investment	Interest Rate	Acquisition Date	Maturity Date	Other Information	Investment Cost/Value
Non-restricted Investments:						
General Fund	Certificate of Deposit	0.400%	07/06/2020	04/06/2021	Bank of Morton	\$ 3,506
General Fund	Certificate of Deposit	0.250%	08/28/2020	02/28/2021	Bank of Morton	100,000
General Fund	Certificate of Deposit	0.250%	02/10/2020	08/10/2021	Priority One Bank	250,000
Morton Memorial Gardens	Certificate of Deposit	0.150%	02/20/2020	08/20/2021	Priority One Bank	10,000
Enterprise Fund	Certificate of Deposit	0.300%	01/16/2020	01/16/2021	Priority One Bank	100,000
Enterprise Fund	Certificate of Deposit	0.450%	06/17/2020	06/17/2021	Bank of Morton	210,000
Enterprise Fund	Certificate of Deposit	0.300%	05/14/2020	05/14/2021	Priority One Bank	138,000
Enterprise Fund	Certificate of Deposit	0.450%	12/22/2019	12/22/2020	Bank of Morton	100,000
Enterprise Fund	Certificate of Deposit	0.300%	01/07/2020	01/07/2021	Priority One Bank	100,000
Enterprise Fund	Certificate of Deposit	0.300%	03/27/2020	03/26/2021	Priority One Bank	500,000
Total Non-restricted Investments						<u>1,511,506</u>
Restricted Investments:						
Unemployment Compensation	Certificate of Deposit	0.150%	02/20/2020	08/20/2021	Priority One Bank	7,000
Enterprise Fund	Certificate of Deposit	0.150%	02/20/2020	08/20/2021	Priority One Bank	75,000
Enterprise Fund	Certificate of Deposit	0.250%	05/15/2020	05/15/2021	Priority One Bank	48,000
Total Restricted Investments						<u>130,000</u>
Total Investments						\$ <u><u>1,641,506</u></u>

CITY OF MORTON, MISSISSIPPI  
Schedule of Capital Assets - UNAUDITED  
For the Fiscal Year Ended September 30, 2020

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Adjustments</u>	<u>Ending Balance</u>
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	10,500	43,124	120,000	971,758
Furniture & equipment	181,253	4,077			185,330
Obligations under capital leases	<u>159,436</u>			<u>(120,000)</u>	<u>39,436</u>
Total Governmental Activities Capital Assets	<u>\$ 3,894,742</u>	<u>14,577</u>	<u>43,124</u>	<u>0</u>	<u>3,866,195</u>
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		3,300	16,852	550,346
Furniture and equipment	1,208,645	13,734			1,222,379
Obligations under capital leases	<u>89,483</u>			<u>(16,852)</u>	<u>72,631</u>
Total Business-type Activities Capital Assets	<u>\$ 20,502,827</u>	<u>13,734</u>	<u>3,300</u>	<u>0</u>	<u>20,513,261</u>

CITY OF MORTON, MISSISSIPPI  
Schedule of Surety Bonds for Municipal Officials and Employees - UNAUDITED  
September 30, 2020

<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
Winifred Franklin 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
Frances Moore	Deputy Clerk	Travelers	50,000
Tonya Downing	Court Clerk	Travelers	50,000
Frances Moore	Water Clerk	Travelers	50,000
Barbara Lucas	Front Desk Clerk	Travelers	50,000

CITY OF MORTON, MISSISSIPPI

SPECIAL REPORT



# Windham and Lacey, PLLC

## *Certified Public Accountants*

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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, 2020, and have issued our report thereon dated September 15, 2022. 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."

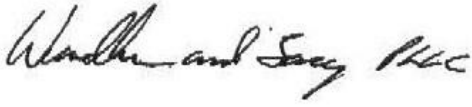
#### *Recommendation*

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  
September 15, 2022

CITY OF MORTON, MISSISSIPPI

SCHEDULE OF FINDINGS AND RESPONSES

CITY OF MORTON, MISSISSIPPI

Schedule of Findings and Responses  
For the Year Ended September 30, 2020

Section 1: Summary of Auditors' Results

*Financial Statements:*

- |    |   |            |
|----|---|------------|
| 1. | Type of auditors' report issued on the primary government financial statements:     | Unmodified |
| 2. | Internal control over financial reporting:  |            |
| a. | Material weakness identified?   | No         |
| 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

The results of our test did not disclose any findings related to the financial statements that are required to be reported by *Government Auditing Standards*.